Financial Summary and Budgetary Review 1982 - 83

Alberta

TREASURY

Financial Summary and Budgetary Review 1982 - 83

Alberta
TREASURY

Contents

TREASURY

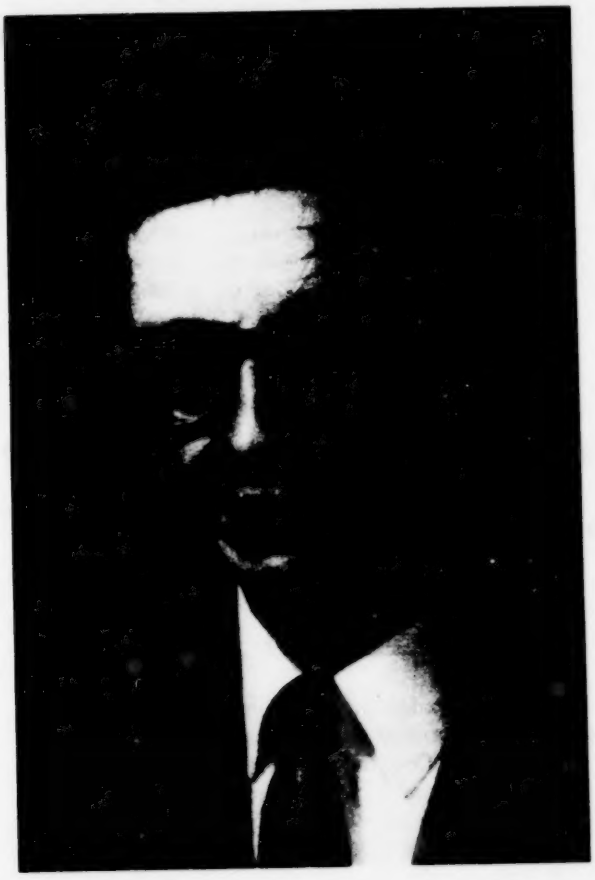
Hon. Lou Hyndman
Provincial Treasurer

A.F. Collins
Deputy Provincial Treasurer

Provincial Treasurer's Report 1
Highlights 3
The Economic Year in Review 4
Budgetary Revenue 9
Budgetary Expenditure 11
Regulated Funds 15
Provincial Corporations 18
Commercial Enterprises 20
Financial Statements 21

Further information or additional copies of this annual report may be obtained by writing:
423 Terrace Building
9515-107 Street
EDMONTON, Alberta
T5K 2C3

Provincial Treasurer's Report



This "Financial Summary and Budgetary Review" for the Government of Alberta covers the fiscal year from April 1, 1982 to March 31, 1983. It comments on the general state of the economy in 1982 and reports on the operations of the General Revenue Fund, the Alberta Heritage Savings Trust Fund, Crown corporations, agencies and regulated funds.

The primary purpose of the report is to assist Albertans in understanding the government's financial position. Readers who require more detailed information are encouraged to refer to the Public Accounts.

The 1982 Budget was presented on March 18, 1982 at a time when the world was in the throes of an economic recession marked by record high interest rates and high levels of unemployment. Alberta with its trading-based economy was not immune to the economic downturn.

The fiscal strategy adopted for these unsettled times was to cushion Albertans from the full impact of the global economic downturn. A massive one-third increase in capital spending to over $2 billion was introduced to stimulate the economy and create jobs. In addition, provincial Crown corporations were authorized to undertake major capital investment programs worth nearly $3 billion. In the budget, I stated that further stimulative measures could be forthcoming depending on external and internal economic factors.

Shortly after the budget, in April, 1982, the first part of the Alberta Economic Resurgence Plan was launched with the announcement of the Oil and Gas Activity Program. Oil and gas royalties were reduced, the royalty tax credit for small producers was further enriched, natural gas royalty holidays were extended and a well servicing and development grant program was introduced. These measures increased industry cashflow and set the framework for sustained jobs in the oil and gas sector which is vital to Alberta's economic health. To reflect the impact of the Oil and Gas Activity Program on the government's budgetary position, I tabled in the Alberta Legislature a revised budgetary plan for 1982-83 and introduced supplementary estimates of expenditure. It is this revised plan which is used in this report as the basis for comparison with the actual results for the year.

In the fall of 1982, two major interest reduction programs were announced to assist homeowners, small businessmen and farmers with the hardships caused by high interest rates. Under the Heritage Fund Mortgage Interest Reduction Program, about 135 thousand Albertans received cheques in 1982-83 with a total value of $89 million. Under the Heritage Fund Small Business and Farm Interest Shielding Program, about 39 thousand Albertans received assistance valued at about $52 million. In addition, there were programs to help students, small contractors and truckers. The accompanying table details the cost of the various Economic Resurgence Plan programs.

To finance the Alberta Economic Resurgence Plan and to increase funds available to finance the budgetary deficit, changes in Heritage Fund policy were initiated. Heritage Fund investment income was allocated to the General Revenue Fund beginning September 1, 1982 for a two year period. Also, the traditional 30% annual transfer of non-renewable resource revenue was reduced to 15% effective April 1, 1983. The Heritage Fund was available for these

ALBERTA ECONOMIC RESURGENCE PLAN PROGRAMS
(millions of dollars)

	1982-83
Homeowners	
Alberta Heritage Fund Mortgage Interest Reduction Program	93.4
Small Businessmen and Farmers	
Alberta Heritage Fund Small Business and Farm Interest Shielding Program	54.7
Farm Fuel Distribution Allowance Enrichment	39.4
Primary Agricultural Producers' Natural Gas Price Protection Plan	0.8
Small Contractors	
Highway Winter Works and 1982 Fall Roadwork Extension Programs	45.6
Truckers	
Truck Licence Fee Reduction Program	17.5
Students	
Advanced Education Extra Enrolment Funding	5.0
Oil and Gas Industry	
Well Servicing and Development Grant	250.2
Royalty Tax Credit Enrichment	605.0
	1,111.6

"rainy days" and played a major role in cushioning Albertans from the worst effects of the economic downturn. Nonetheless, the original savings concept of the Heritage Fund continues. The capital base of the Fund remains intact.

Even with the addition to budgetary revenue of $879 million from the special Heritage Fund policy changes, the budgetary deficit in 1982-83 reached $2.0 billion compared to a surplus of $44 million in 1981-82.

We are facing new budgetary realities in Alberta brought on by three factors:

1. the transition from an overheated economy in the late 1970's and early 1980's;
2. the softening of world energy markets reflected in weak demand for Alberta's energy exports and the decline in world oil prices; and
3. increasing costs, particularly in the area of health care.

The boom times of the late 1970's and early 1980's had numerous negative side effects. Expectations were raised to unreasonable heights and tens of thousands of job seekers flocked to Alberta. This generated demands for more and better services and improved capital facilities. Over the period 1977-78 to 1982-83, budgetary expenditure increased at an average annual rate of 22.0%. The key oil and gas sector was hit hard by Ottawa's ill-advised National Energy Program and later by the global economic recession which depressed energy demand and prices. Over the last five years, ordinary budgetary revenue has increased at an average annual rate of only 7.8%.

While budgetary revenue growth is slowing and uncertain, we are facing significant budgetary pressures, particularly from the health care area.

We are committed to realigning Alberta's expenditure and revenue imbalance. With sound financial management, Alberta will be positioned for sustained economic growth.

Highlights

Budgetary Performance

- Budgetary revenue in 1982-83 totalled $7,086 million and budgetary expenditure amounted to $9,134 million leaving a budgetary deficit of $2,048 million. This contrasts with a budgetary surplus of $44 million in 1981-82.
- Net assets of the General Revenue Fund stood at $288 million at March 31, 1983 compared to $2,336 million at the end of the previous fiscal year.
- Special Heritage Fund policy changes added $879 million to budgetary revenue, 12.4% of the total. Even with this additional revenue, total budgetary revenue in 1982-83 was slightly below the previous year's mark.
- Actual budgetary revenue exceeded the budget estimate by 8.7%, although ordinary revenue before the Heritage Fund policy change was 4.8% below the budget estimate.
- Non-renewable resource revenue before the allocation to the Heritage Fund totalled $4,166 million, a decline of 14.6% from the previous year.
- Total benefits under the Alberta Economic Resurgence Plan amounted to over $1 billion in 1982-83.
- Total budgetary expenditure in 1982-83 was $9,134 million, an increase of 29.7% over the previous year's level, and was $135 million above the budget estimate.
- Budgetary expenditure from voted appropriations was $9,069 million or 3.7% above the budget estimate; it was $532 million or 5.5% below total expenditure authorizations.
- Statutory expenditure of $65 million was $187 million below the budget estimate and $53 million lower than the year before.
- Operating expenditure increased by 33.0% to $7,031 million in 1982- 83. Capital expenditure amounted to $2,038 million, up 24.3% from the previous year.

SUMMARY BUDGETARY PLAN
(millions of dollars)

	1982-83 Actual	1982-83 Estimate	1981-82 Actual
Budgetary Revenue			
Ordinary with 30% Heritage Fund Transfer	6,207	6,520	7,087
Reduction in Heritage Fund Transfer to 15%	13	—	—
Heritage Fund Investment Income	866	—	—
	7,086	6,520	7,087
Budgetary Expenditure			
Voted Appropriations			
Operating	7,031	6,627	5,285
Capital	2,038	2,120	1,640
Statutory Appropriations	65	252	118
	9,134	8,999	7,043
Budgetary Surplus (Deficit)	(2,048)	(2,479)	44

Consolidated Financial Position

- Consolidated gross revenue reached $10,550 million in 1982-83, essentially unchanged from the previous year.
- Consolidated expenditure amounted to $11,344 million in 1982-83, a rise of 34.8% over the previous year.
- On a consolidated basis, the government spent $794 million more in 1982-83 than it received in revenue. In contrast, in 1981-82 the government had consolidated net revenue of $2,133 million.
- Consolidated net assets at March 31, 1983 stood at $11,270 million compared to $12,064 million at the end of the 1981-82 fiscal year.

The Economic Year in Review

1982 was a year of consolidation and adjustment for the Alberta economy. Several factors combined to adversely affect Alberta's economic performance:

- high and volatile interest rates which dampened investment and consumer durable purchases,
- worldwide economic recession which affected demand for Alberta's products, particularly oil and natural gas,
- the continuing negative impact of the National Energy Program, and
- the softening in world energy prices.

Although Alberta's economy did not enter the recession as early as other parts of Canada, the effects of the general economic downturn were compounded by the overbuilding in some sectors which occurred during the boom years of the late 1970's and early 1980's.

Gross Domestic Product

Alberta continued to have the highest per capita Gross Domestic Product and Personal Income of all the provinces. Nonetheless, the economy contracted in real terms although less than the Canadian average. The 5-year average real GDP growth rate from 1977 to 1982 was a strong 4.8%, far exceeding Canada's average real GNP growth rate of 1.3%.

In the wake of the tremendous investment boom of 1978 to 1982, the Alberta economy required a period to adjust to a vastly increased stock of fixed capital. After growing at nearly 29% in 1981, investment fell by 6.5% in 1982 to a level of $17.9 billion. This was still an exceptionally high level of investment, as it comprised 34.4% of total output, whereas investment in Canada comprised only 22% of Canadian GNP in 1982. The return to more normal levels of the share of investment in GDP is apparent in Chart A.

Expenditure on goods and services by all orders of government grew by 16% in 1982 and government investment grew by 24%. While government expenditure and investment did not expand as rapidly in 1982 as in 1981, they grew substantially more than overall GDP, providing stimulus to Alberta's economy.

As shown in Table 2, output of the petroleum and mining industry declined by 3.7%, and its share of total GDP declined by 2 percentage points to 18.0%, reflecting weak export markets and soft world oil prices. Forestry, Transportation, Utilities, Services and Public Administration performed strongly. All other industries grew much more slowly than their 5-year average growth rates. Thus, the economic adjustment of 1982 while focused in the petroleum and mining industry was evident throughout Alberta industry.

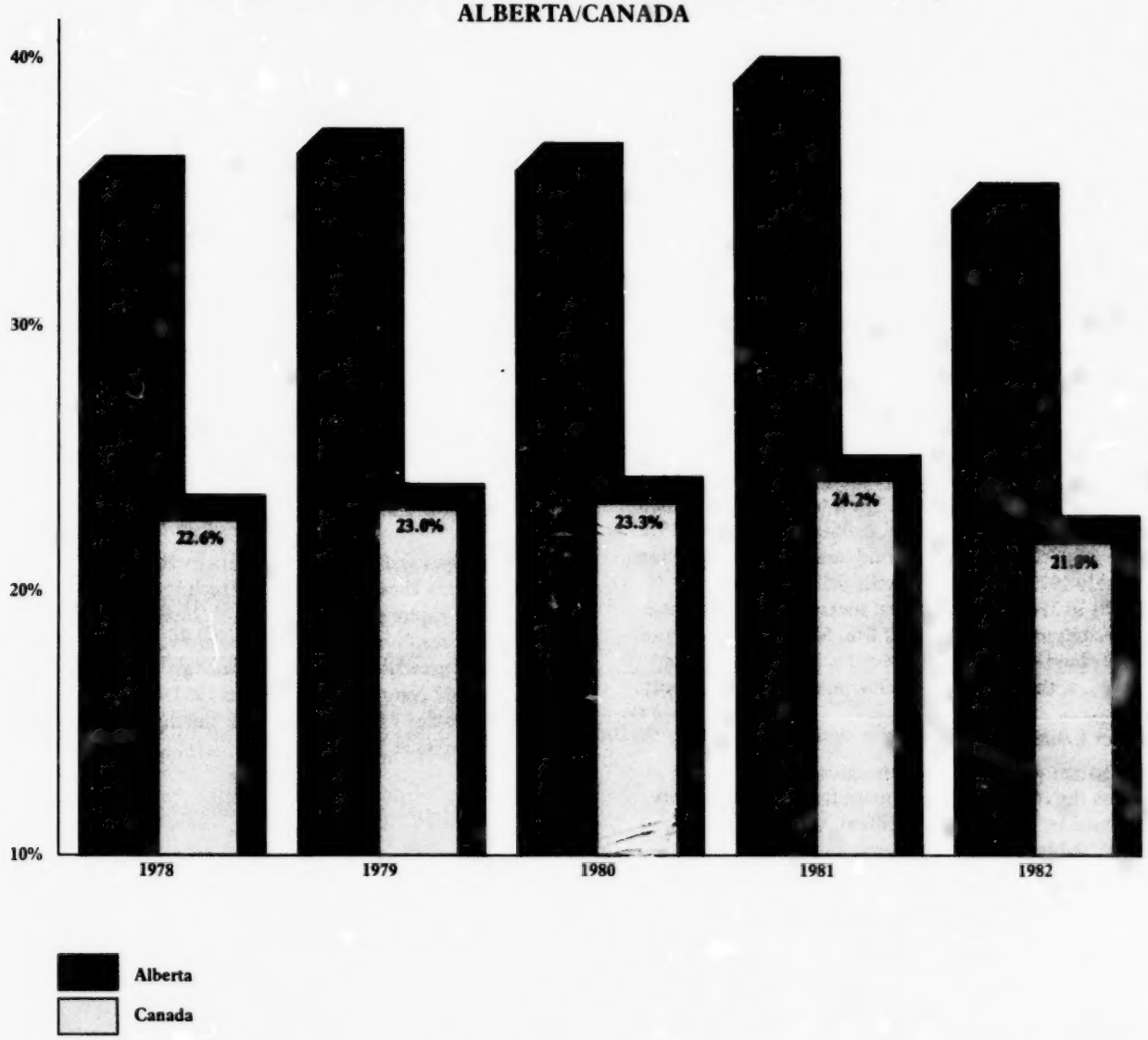
After record crops in 1981 with good grain prices, the farm sector returned to more normal levels of production. Farm cash receipts fell marginally in 1982 by 1.5%. Crop receipts were down by 9.5% to slightly over $1.9 billion. Receipts from livestock and products increased by 2.5%, bringing them to over $1.7 billion. Alberta retained its share of Canadian farm cash receipts at approximately 20%.

The Labour Market

Alberta's labour market reflected the province's changing economic circumstances. Employment fell by 1.2%, from 1,093,000 in 1981 to 1,080,000 in 1982, still the highest number of employed persons per potential job seekers. The unemployment rate doubled from 3.8% to 7.5%. While this experience is a marked shift from the past decade, the labour force situation in Alberta was better than in Canada as a whole. Over the same period, for example, Canadian employment fell by 3.3% and the unemployment rate rose from 7.6% to 11.0%. In fact, Alberta's unemployment rate was lower than that of any other province except Saskatchewan.

One of the reasons why the unemployment rate rose so sharply was the continuing rise in Alberta's labour force. It grew by 2.6% in 1982, over one-half percentage point more than in any other province. Participation in the labour force remained high. At 70.8%, Alberta's participation rate exceeded the Canadian average by more than 6 percentage points. More of Alberta's population 15 years of age and over was employed than was that of any other province. The employment/population ratio was 65.5% in Alberta in 1982, almost 5 percentage points higher than in any other province, and almost 9 percentage points higher than the Canadian average. It is apparent that Albertans are continuing to enjoy the benefits of a decade of robust employment expansion.

CHART A
INVESTMENT AS A PERCENTAGE OF
GROSS DOMESTIC PRODUCT/GROSS NATIONAL PRODUCT,
ALBERTA/CANADA



The Energy Sector

Performance in Alberta's energy sector was mixed in 1982. While the value of mineral production was up, quantities produced were mostly down, and exploratory drilling was down for the second consecutive year. The oil and gas industry had not recovered from the effects of the National Energy Program before softening world energy markets added a further impediment to recovery.

Oil and equivalent production was down by 2.4% in 1982 to 429 million barrels. With price increases this translated into a 27.7% rise in the value of oil production to $11.4 billion. Production of natural gas increased by 3.5% in 1982, with the value of production increasing by 12.0% to $6.2 billion. The value of natural gas by-products (ethane, propane and butane) decreased by 3.4% to $1.2 billion. Thus, the overall value of output of the oil and gas industry increased by 19.7% to $18.8 billion.

For a number of reasons, including the design of the National Energy Program, high interest rates and the softening of world oil prices, drilling activity in Alberta declined for the second year in a row and was at roughly 1977 levels. Total wells drilled declined by 12.2% in 1982 to 5,126. Total footage drilled declined by a comparable amount, 12.8%. Net cash expenditure on exploration and development activity declined by 22.6%, with most of the decline in exploratory activity.

Other Economic Indicators

Consistent with the recession-induced performance across the country, Alberta manufacturing shipments declined by 5.6% to $12.5 billion. One of Alberta's major industries, the petroleum and coal products industries (primarily oil refining), showed healthy growth, growing by 13.3% to $3.2 billion in value of shipments. Of the other two major manufacturing industries, shipments of the food and beverages industry remained essentially the same in 1982 as in 1981 at about $3.5 billion, while shipments of the chemical and chemical products industries declined by 8.2% to $1.3 billion. These three industries produced two-thirds of total manufacturing shipments.

After rapid expansion during the late 1970's and early 1980's, the construction industry experienced a slight decline in 1982. Although value of construction work performed declined by 3.4% in 1982 to $14 billion, the 5-year average growth rate from 1977 to 1982 was still a very high 18.0%. Despite the decline, the value of construction work in Alberta formed about 25% of all construction work in Canada, a share similar to Ontario's.

Oil and gas wells constituted $3.5 billion or one-quarter of all construction work and oil and gas facilities including wells formed about one-third of the total. Construction of oil and gas facilities declined by 4.0% in 1982.

At $2.5 billion, residential construction formed 19% of total construction work. Because large declines in housing starts were typical across Canada, Alberta retained its 21% share of Canadian housing starts. Commercial building construction declined by about 5% in 1982. This was largely due to a 9.2% decline in office building construction.

In 1982 wages and salaries in Alberta increased by 11.8%, barely ahead of inflation, which increased by 11.4%. Per capita personal disposable income rose by 6.2%. As a result of slowing income growth and lower population growth, Alberta retail sales grew by only 0.3% in 1982 compared to 15.9% in 1981. However, Alberta remained the province with the highest retail sales per capita at $4,722.

TABLE 1
ALBERTA ECONOMIC STATISTICS SUMMARY

	1982	1981	Percentage Change	5-Year Average[c]
GROSS DOMESTIC PRODUCT AND INCOME				
Real Gross Domestic Product ($1971 millions)	13,776	14,428	-4.5	4.8
Gross Domestic Product ($ millions)[a]	52,157	48,951	6.5	16.4
Investment ($ millions)	17,941	19,178	-6.4	17.1
Wages and Salaries ($ millions)	22,248	19,903	11.8	16.8
LABOUR MARKET				
Population (thousands)	2,317	2,237	3.6	3.9
Labour Force (thousands)	1,167	1,137	2.6	5.1
Participation Rate (per cent)	70.8	71.7	—	70.1*
Employment (thousands)	1,080	1,093	-1.2	4.5
Unemployment Rate (per cent)	7.5	3.8	—	4.7*
Net Interprovincial Migration (thousands)	9.2	45.7	—	38.2*
ACTIVITY				
Value of Petroleum and Mineral Production ($ millions)	20,155	17,559	14.8	18.6
Manufacturing Shipments ($ millions)	12,528	13,275	-5.6	15.8
Retail Sales ($ millions)	10,941	10,906	0.3	13.1
Housing Starts	26,789	38,470	-30.4	37,032
WAGES AND PRICES				
Average Weekly Earnings ($)	435.47	390.40	11.5	10.7
Consumer Price Index (per cent change)[b]	11.4	12.8	—	10.4*

[a] At market prices.

[b] The Consumer Price Index for Alberta is taken as the average of the Calgary and Edmonton Indices.

[c] The 5-year average is the compound average annual growth rate between 1977 and 1982, except for the items marked * where the average is the arithmetic average from 1978 to 1982.

TABLE 2
GROSS DOMESTIC PRODUCT AT FACTOR COST, 1982

	Share of GDP	Increase from 1981	5-Year Growth Rate[a]
		(per cent)	
Agriculture	3.8	-6.2	13.4
Forestry	0.1	9.6	7.9
Petroleum and Mining	18.0	-3.7	10.5
Manufacturing	6.8	-5.0	13.4
Construction	7.9	3.6	12.3
Transportation	7.6	13.4	16.3
Utilities	2.9	19.7	19.1
Trade	9.0	5.9	15.5
Finance	22.6	9.3	19.6
— Natural Resource Royalties	9.9	10.1	16.0
— Other	12.7	8.7	23.0
Services	15.5	14.8	17.2
Public Administration	5.8	17.8	15.8
Gross Domestic Product	100	6.0	15.2

[a] Compound average annual growth rate between 1977 and 1982.

Source: Alberta Bureau of Statistics, "Alberta Economic Accounts, 1982."

TABLE 3
EMPLOYMENT BY INDUSTRY (000's)

	1982	1981	Percentage Change	5-Year Growth Rate[b]
Agriculture	81	87	-6.9	-1.2
Petroleum, Mining and Other Primary[a]	64	69	-7.2	9.8
Manufacturing and Processing	91	101	-9.9	3.1
Construction	105	114	-7.9	4.8
Transportation and Utilities	89	91	-2.2	3.8
Trade	189	193	-2.1	2.8
Finance, Insurance and Real Estate	65	57	14.0	7.2
Community, Business and Personal Service	315	307	2.6	5.9
Public Administration	80	75	6.7	6.6
All Industries	1,080	1,093	-1.2	4.5

[a] Includes forestry, fishing and trapping.

[b] Compound average annual percentage change between 1977 and 1982.

Source: Statistics Canada, "The Labour Force" Catalogue No. 71-001.

Budgetary Revenue

Ordinary budgetary revenue, that is, budgetary revenue before factoring in the special changes to Heritage Fund policy, amounted to $6,207 million in 1982-83, a decline of 12.4% from the 1981-82 level. Even after adding $879 million to general revenue from the Heritage Fund, total budgetary revenue at $7,086 million was essentially the same as in 1981-82. Actual total revenue exceeded the budget estimate by 8.7%.

Chart 1 shows the components of budgetary revenue by major source.

Non-Renewable Resource Revenue

Non-renewable resource revenue includes royalties on the production of crude oil, natural gas and gas by-products, synthetic oil and coal from Crown lands; sales of Crown leases; and rentals and fees.

Crude oil royalty in 1982-83 amounted to $2,338 million, up 7.3% from the previous year but less than expected because high levels of shut-in oil counteracted the significant price increases contained in the September, 1981 Energy Agreement. Natural gas and by-products royalty totalled $1,876 million, down 4.1% from 1981-82 and 1.4% below the 1980-81 level due in large measure to weak demand, particularly in the United States, caused by the economic recession.

Synthetic oil royalty rose by 57.7% in 1982-83 to $362 million because of higher prices and production volumes. Land sales revenue dropped by 39.6% from the previous year to $337 million owing to the negative effects of Ottawa's unilateral National Energy Policy.

Deductions from resource revenue before the Heritage Fund allocation totalled $863 million. The large jump is attributable to the first payments under the Alberta Petroleum Incentives Program. Non-renewable resource revenue after these deductions reached $4,166 million in 1982-83, 14.6% lower than the previous year.

Net non-renewable resource revenue accounted for 39.7% of total budgetary revenue.

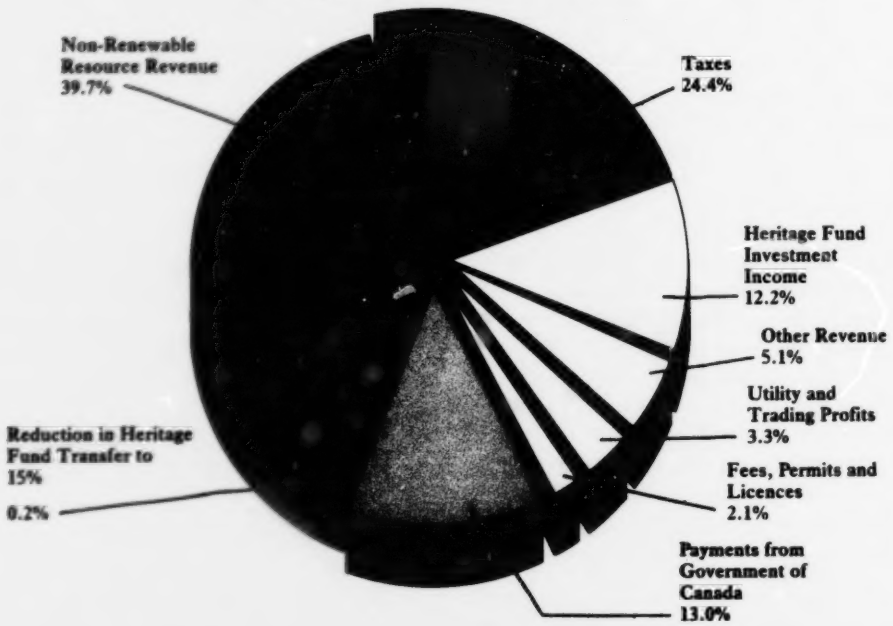
Taxes

Provincial taxes include personal and corporate income taxes, the freehold mineral tax, pari-mutuel, tobacco and other miscellaneous taxes.

Albertans enjoy the benefits of the lowest personal income tax rate in Canada, pay no retail sales tax unlike all other Canadians, and pay no gasoline tax unlike residents in all other provinces but one.

CHART 1

PERCENTAGE DISTRIBUTION OF BUDGETARY REVENUE BY MAJOR SOURCE


Non-Renewable Resource Revenue 39.7%
Taxes 24.4%
Heritage Fund Investment Income 12.2%
Other Revenue 5.1%
Utility and Trading Profits 3.3%
Fees, Permits and Licences 2.1%
Payments from Government of Canada 13.0%
Reduction in Heritage Fund Transfer to 15% 0.2%

Total net tax revenue in 1982-83 amounted to $1,728 million, a decrease of 11.3% from the previous year.

Corporate income tax revenue increased by 3.3% to $566 million in 1982-83. Small businessmen saved $102 million because of the lower small business tax rate of 5%. In addition, approximately 25 thousand small businesses benefited from the policy change effective April 1, 1982 exempting them from making monthly instalment payments of corporate tax.

The royalty tax credit was enriched from 25% of royalties with a maximum of $1 million to 75% of royalties to a maximum of $4 million, effective from September, 1981 to December, 1983. As a result, the royalty tax credit amounted to $728 million in 1982-83 compared to $132 million in 1981-82.

Net personal income tax revenue amounted to $1,650 million, an increase of 24.8% over the 1981-82 level. This increase was mainly due to large adjustment payments for prior tax years under the federal-provincial tax collection agreement. Alberta renters received $37 million in personal income tax credits and refunds in 1982-83 through the Renters Assistance Tax Credit program.

Taxes accounted for 24.4% of total budgetary revenue.

Payments from Government of Canada

Government of Canada transfers to Alberta include payments under the Established Programs Financing Act (hospital insurance, post-secondary education and extended health care), various shared cost-programs (notably the Canada Assistance Plan) and a few statutory obligations.

Total federal transfer payments in 1982-83 amounted to $922 million, a decline of 8.4% from the 1981-82 level. This decrease was due mainly to the federal government's unilateral changes in the method of calculating provincial cash entitlements which had a negative revenue impact of $134 million in 1982-83. Entitlements under the Hospital Insurance and Post-Secondary Education programs were reduced by $89 million between 1981-82 and 1982-83. Oil export charges transferred to Alberta declined by 37.4% from the previous year and the Energy Resources Research program expired. Canada Assistance Plan payments increased by 28.3% because of higher social assistance caseloads associated with the economic slowdown.

Payments from the Government of Canada accounted for 13.0% of total budgetary revenue.

Fees, Permits and Licences

Revenue from motor vehicle licences, land titles, timber rentals and fees, and other miscellaneous charges totalled $145 million in 1982-83, down by 14.5% from the previous year. Motor vehicle licences registered the greatest decline reflecting the 50% reduction in truck licence fees as part of the Alberta Economic Resurgence Plan.

Fees, permits and licences accounted for 2.1% of total budgetary revenue.

Utility and Trading Profits

Virtually all of the $236 million reported in 1982-83 as utility and trading profits is attributable to the Alberta Liquor Control Board. Remittances from the Board increased by 26.0% over that reported in 1981-82 because of increased profits and no major increases in capital expenditure.

Utility and trading profits accounted for 3.3% of total budgetary revenue.

Other Revenue

Included in this category are investment income, refunds of prior years' expenditures, fines and penalties, sales of assets and other miscellaneous revenue. In 1982-83 these revenues totalled $361 million, a 19.0% decline from the previous year due largely to the drop in investment income resulting from sales of income earning assets to finance the budgetary deficit.

Other revenue accounted for 5.1% of total budgetary revenue.

Heritage Fund Transfers

The special changes in Heritage Fund policy designed to finance the Alberta Economic Resurgence Plan and reduce the budgetary deficit contributed $879 million to budgetary revenue in 1982-83.

The changes in Heritage Fund policy accounted for 12.4% of total budgetary revenue.

Budgetary Expenditure

Total budgetary expenditure amounted to $9,134 million in 1982-83, an increase of 29.7% over the previous year. Actual expenditure was 1.5% over the budget estimate.

Voted Appropriations

Voted appropriations include amounts expended under authority of a supply vote of the Legislature and special warrants ordered by the Lieutenant Governor in Council when the Legislature is not sitting. The voted appropriations are administered by program departments each headed by a minister.

Total voted expenditure in 1982-83 amounted to $9,069 million, an increase of 31.0% over the amount expended in 1981-82. The relatively high increase reflected the government's stimulative fiscal policy strategy. Actual voted expenditure exceeded the original budget estimate by $323 million or 3.7% but was $532 million or 5.5% below total authorizations, which included $861 million in special warrants.

Capital expenditure in 1982-83 totalled $2,038 million, an increase of 24.3% over the 1981-82 level. Operating expenditure increased by 33.0% in 1982-83 to $7,031 million. Capital expenditure and capital grants comprised 22.5% of total voted appropriations while operating expenditure made up the other 77.5%.

As shown in Chart 2, 68.5% of voted expenditure was in the form of grants to individuals, school boards, colleges and universities, municipalities, hospital boards and government agencies.

The composition of voted appropriations by function is illustrated in Chart 3.

Health

The health area includes active and auxiliary hospitals, nursing homes, health care insurance and community health service expenditure. The provision of top quality health care has been an ongoing priority of the government.

Health expenditure increased by 35.9% to over $2 billion in 1982-83 and accounted for 23.2% of voted appropriations. The relatively high rate of increase reflected the operating cost pressures and capital expansion and renovation programs undertaken during the year.

As part of the capital construction and renovation program, 46 projects in 36 communities were begun in 1982-83. This was in addition to the 19 projects already under construction in 16 communities. Advanced equipment was purchased to provide for the latest in diagnostic services. Of the over 25% increase in the operating budgets of hospitals, two-thirds was attributable to wage and salary increases.

Education

The provision of basic education, grades 1 to 12, is a shared responsibility of the provincial government and local authorities. Provincial support for primary and secondary schools is in the form of payments to the School Foundation Program Fund and direct grants to school boards.

Funding for basic education reached almost the $1 billion mark, an increase of 19.0% over the previous year, demonstrating the high priority the government attaches to educating Alberta's young people. In 1982-83, there was continued strong emphasis on special education programs for the handicapped, funding for which increased by 16.6%. Early Childhood programs received a funding increase of 35.9% in 1982-83.

Universities, colleges and technical and vocational institutions also received direct capital and operating grants from the province. Funding for the operating and capital requirements of Further and Higher Educational Institutions amounted to $767 million, up 21.1% over 1981-82. Special enrolment funding was provided under the Alberta Economic Resurgence Plan to help post-secondary institutions deal with the increase in attendance. Financial assistance to students rose by 75.4% to $29 million as a result of a large increase in the number of students seeking financial assistance.

Total education expenditure in 1982-83 amounted to $1,887 million, an increase of 21.2% over the previous year, and accounted for 20.8% of total voted appropriations.

CHART 2

VOTED APPROPRIATIONS — EXPENDITURE BY OBJECT
1982-83

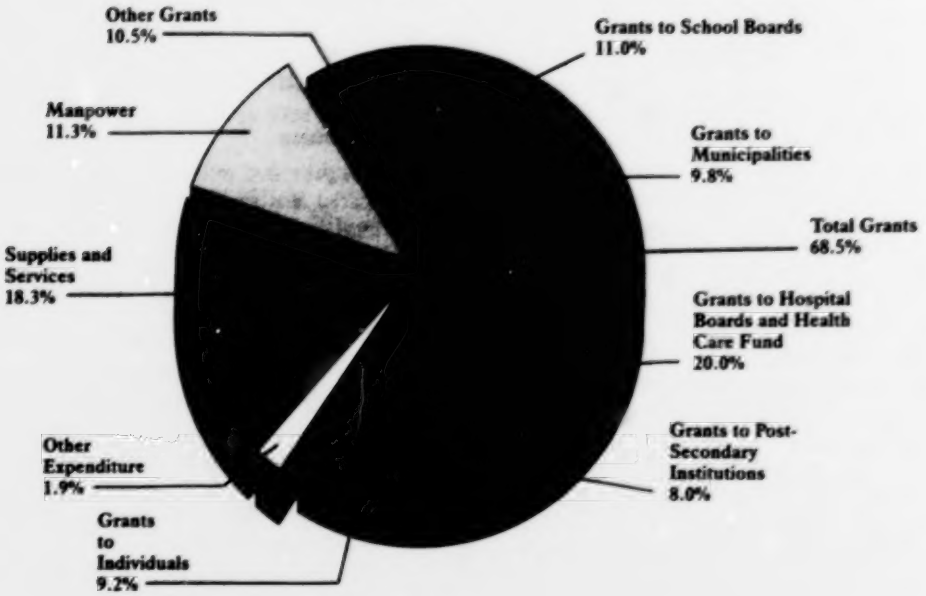
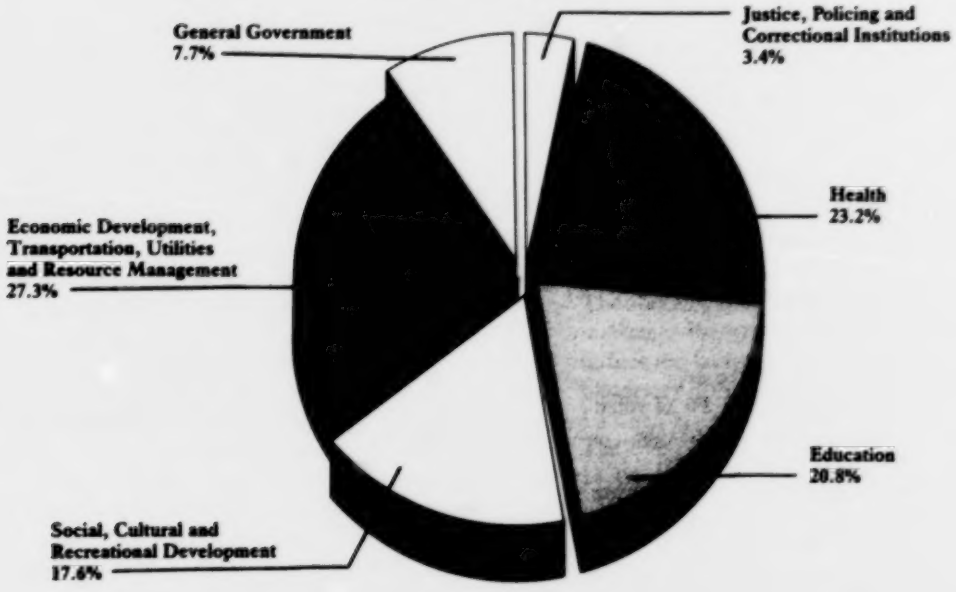


CHART 3

PERCENTAGE DISTRIBUTION OF VOTED APPROPRIATIONS BY MAJOR FUNCTIONS



Social, Cultural and Recreational Development

This functional area includes an extensive range of social programs including social allowance, child welfare services, services to the handicapped and day care programs, as well as provincial assistance for a variety of recreational facilities and cultural activities.

Social services program costs increased significantly due to increased caseloads. The Extended Health Benefits and Aids to Daily Living programs showed major increases in expenditure as did child welfare services, vocational rehabilitation services, services to the handicapped, alcoholism and drug abuse programs and day care allowances.

Senior citizens received record levels of assistance. The Pioneer Repair Program was replaced and expanded by the new Seniors' Home Improvement Program. To help with home heating costs, the Senior Citizen Home Heating Grant Program was announced. Total government spending on senior citizen housing alone over the last ten years exceeded one-half billion dollars.

In the recreation and culture areas significant operating and capital funding was provided for the very successful World University Games (Edmonton) and the Western Canada Games (Calgary) held in the summer of 1983. Funding for the operation of provincial parks increased by 19.1% in 1982-83, while funds for Alberta Culture programs designed to extend further the rich cultural dimensions of the province more than doubled.

Total spending on Social, Cultural and Recreational Development programs increased by 33.2% to $1,596 million and constituted 17.6% of total voted appropriations.

Economic Development, Transportation, Utilities and Resource Management

This expenditure function includes economic development initiatives, transportation services and facilities, supervision of utilities and the management of Alberta's resources and environment.

The Alberta Economic Resurgence expenditure programs designed to cushion Albertans from the economic downturn were concentrated in this functional area. As of March 31, 1983 about 135 thousand Alberta households had received cheques totalling over $ 89 million under the Alberta Heritage Fund Mortgage Interest Reduction Program which effectively reduces mortgage rates to 12.5% for a two year period ending August 31, 1984. About 39 thousand small businessmen and farmers had received about $52 million in assistance under the Alberta Heritage Fund Small Business and Farm Interest Shielding Program as of March 31, 1983.

This program shields interest rates to 14.5% for a two year period ending February, 1984. Small contractors benefitted from the work created by the $45.6 million Highway Winter Works and 1982 Fall Roadwork Extension Programs.

Capital assistance to municipalities for public transit, arterial roadways, major continuous corridors and other capital projects under the urban transportation assistance program increased by 38.7% to $190 million. In addition, expenditure on the maintenance of rural-local highways increased by 53.2% to $27 million; funding for the improvement of primary highways went up 28.7% and pavement rehabilitation increased 25.8% to $46 million.

Total expenditure in this functional area increased by 36.1% to $2,477 million and accounted for 27.3% of total voted appropriations, the single largest portion.

Justice, Policing and Correctional Institutions

This functional area encompasses the administration and enforcement of laws; control and regulation of policing and correctional institutions; and the regulation of trade practices in the market place.

To meet increasing demand on the provincial court system, funding was increased by 10.3% to $47 million. There was a significant increase in funding for services of the Royal Canadian Mounted Police as a result of the new ten-year policing agreement with the federal government.

Expenditure in this field increased by 16.7% to $307 million and accounted for 3.4% of total voted appropriations in 1982-83.

General Government

The general government expenditure function includes the provision of government accommodation, financial management services and other central services to all departments and some Crown agencies.

Expenditure in this area increased by 29.2% to $701 million and accounted for 7.7% of total voted appropriations in 1982-83. Factors which accounted for the relatively large increase included several construction and renovation projects which were undertaken for government and government agencies: the new industrial campus at Stony Plain, a Correspondence School at Barrhead and several court houses, medical centres, clinics and other facilities in several communities.

Statutory Appropriations

Statutory appropriations are amounts expended pursuant to various provincial statutes and include the financial requirements of various revolving funds, provisions for doubtful accounts and loans, investment valuation adjustments and exchange on debt payable in foreign currencies.

Statutory appropriations amounted to $65 million in 1982-83 compared to $118 million in 1981-82. The decline was due mainly to the cancellation of a provision to reduce investments to market value. The provision was made previously when market values were below cost because of high interest rates.

Regulated Funds

Regulated funds are comprised of public money that is not part of the General Revenue Fund or public money that has been paid out of the General Revenue Fund into a designated fund by authority of an Act of the Legislature or a supply vote.

The Alberta Heritage Savings Trust Fund

Established in 1976 by an Act of the Alberta Legislature, the Alberta Heritage Savings Trust Fund is the largest and most important of the regulated funds. The primary purpose of the Heritage Fund is to save a portion of Alberta's non-renewable resource revenue. As a central pillar of Alberta's financial management strategy, the Heritage Fund was set up in 1976 to smooth the transition from a situation in which the largest portion of government revenue is derived from depleting natural resources to one where services must be financed by more conventional revenue sources like taxation.

In 1982-83, as in previous years since the Fund's establishment, 30 per cent of the province's non-renewable resource revenue was transferred to the Heritage Fund upon approval by the Alberta Legislature. In 1982-83, the Heritage Fund received $1,356 million in resource revenue, a decrease of 5 per cent from 1981-82. To respond to the province's budget deficit, the Legislature approved a reduction in the transfer of non-renewable resource revenue for the 1983-84 fiscal year from 30 per cent to 15 per cent.

While these resource revenues declined in 1982-83, the Heritage Fund's net income from investments during the year increased by 47 per cent to $1,484 million from $1,009 million in 1981-82.

Unlike previous years, the Heritage Fund did not retain all of its income for reinvestment in 1982-83. The Alberta Heritage Savings Trust Fund Amendment Act, 1983 specified that seven-twelfths (7/12) of 1982-83 net investment income be transferred to the province's general revenues. This income was used to fund programs which aid the province's economic recovery and to help reduce the budgetary deficit. This proportion reflects the seven months of the fiscal year from September 1982 when the two-year interest rate shielding programs for homeowners, farms, and small businesses were introduced.

After the transfer of $866 million of investment earnings to the province's general revenues and after administrative expenses, $616 million of income was available for investment in the Heritage Fund.

At March 31, 1983, the Heritage Fund's assets were $13,002 million. Reflecting the long term savings objective of the Fund, 88 per cent of the Fund's assets or $11,397 million are income earning assets. The remaining $1,605 million was invested under the Capital Projects Division and recorded as deemed assets of the Heritage Fund.

In 1982-83, as in previous years, the Heritage Fund's investment activities were focussed on Alberta through (a) loans to provincial Crown corporations, (b) construction of the Prince Rupert grain terminal, and (c) ongoing capital projects. Through the Alberta Investment Division, $1,820 million in net new financing was made available to provincial Crown corporations at market rates of interest. Total assets of the Division at March 31, 1983 were $8,158 million or 63 per cent of the total Heritage Fund.

Investments through this Division serve to strengthen or diversify the Alberta economy and provide a reasonable financial return to the Fund. The financing from the Heritage Fund is applied by provincial Crown corporations to such purposes as lending programs for small businesses, farms and agribusinesses, mortgage financing for low to middle income Albertans, and the construction of senior citizen housing.

In 1982-83, the Heritage Fund invested $31.4 million of a total investment of $106.3 million in Ridley Grain Ltd. for the construction of a grain terminal at Prince Rupert, B.C.

The accompanying chart illustrates the divisional structure of the Heritage Fund and identifies the investments in the Alberta Investment Division.

In 1982-83, investments totalling $296 million were made in 24 ongoing projects under the Capital Projects Division. Some examples include a major park development, Kananaskis Country on the eastern slopes of the Rockies, urban parks in a number of centres, specialized health care facilities, major irrigation works, and research into oil sands and enhanced oil recovery methods. These investments provide long term economic or social benefit to Albertans but may not necessarily yield a return of capital or income to the Heritage Fund.

The Commercial Investment Division's objective is to yield a commercial return or profit to the Heritage Fund by investment in a wide range of marketable securities using a passive, balanced approach. Stock holdings represent a broad range of Canadian industrial sectors and public companies. At March 31, 1983, the Division held $167 million in Canadian common shares and convertible bonds and $32 million in money market securities.

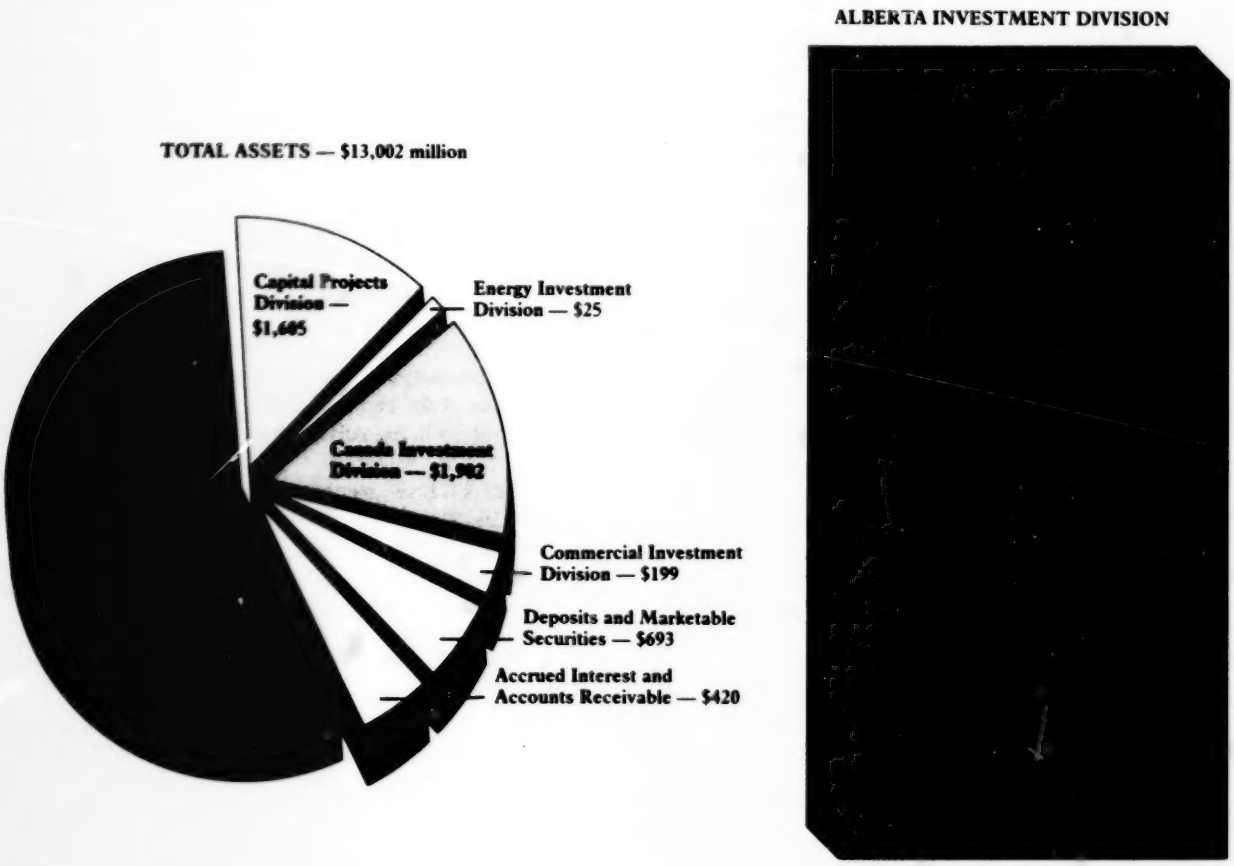
The Pension Fund

The Pension Fund was established in late 1980-81 by a transfer of $1,100 million from the General Revenue Fund. The Fund will help provide for the costs of pension benefits being earned by employees of the province, local authorities and Alberta's universities whose pensions are administered and guaranteed by the province.

In 1982-83, the contributions made by employers and employees exceeded the benefits paid by $159 million. In addition, the Fund earned $207.5 million in income, resulting in a net increase in fund equity of $366 million. At March 31, 1983, the Pension Fund had assets of $1,769 million comprising a diversified portfolio of government and corporate bonds, money market securities, mortgages and equities.

CHART 4

COMPOSITION OF THE ALBERTA HERITAGE SAVINGS TRUST FUND AT MARCH 31, 1983
($ millions)


ALBERTA INVESTMENT DIVISION
TOTAL ASSETS — $13,002 million
Capital Projects Division — $1,605
Energy Investment Division — $25
Canada Investment Division — $1,982
Commercial Investment Division — $199
Deposits and Marketable Securities — $693
Accrued Interest and Accounts Receivable — $420

The Alberta Heritage Scholarship Fund

The Alberta Heritage Scholarship Fund was established in 1981-82 with an endowment of $100 million from the Capital Projects Division of the Heritage Fund. The income of the Fund is available to the Students Finance Board for scholarship programs.

In 1982-83, the Scholarship Fund earned net income of $16.7 million. During the year, over $8.6 million was awarded to Alberta students under ten scholarship programs. At March 31, 1983, the assets of the Fund totalled $116 million.

The Alberta Heritage Foundation for Medical Research Endowment Fund

The Alberta Heritage Foundation for Medical Research Endowment Fund was established in 1979-80 with a contribution of $300 million from the Capital Projects Division of the Alberta Heritage Savings Trust Fund.

The Fund's net income for 1982-83 was $51 million. The Alberta Heritage Foundation for Medical Research requested and received $22 million for the purpose of carrying out the Foundation's activities in support of medical research. The Fund's assets at March 31, 1983 amounted to $399 million.

Other Regulated Funds

Other regulated funds provide a variety of services and benefits to Albertans.

The Health Care Insurance Fund made payments for basic and extended health services in the province amounting to $574 million in 1982-83. Of this, $339 million was provided by the province, $148 million by premium payments, $77 million by contributions from the Government of Canada and $7 million by interest income.

Incentives are provided through the Alberta Petroleum Incentives Program Fund (APIP) to eligible companies, individuals, and partnerships who are at least 50 per cent Canadian controlled to encourage them to explore for and develop oil and natural gas in Alberta. This program was financed in 1982-83 by a transfer of $682.6 million of non-renewable resource revenue from general revenues. The province's decision to provide the program was part of the Energy Pricing and Taxation agreement signed between the province of Alberta and the federal government in September 1981. APIP granted funding totalling $677.6 million in 1982-83.

Another important regulated fund is the Utility Companies Income Tax Rebates Fund which rebates 95 per cent of federal and 100 per cent of provincial income taxes paid by privately owned electric utilities in the province. These companies in turn pass the savings along to consumers. In 1982-83, $178 million was returned to consumers in this way.

A number of additional regulated funds enable the provision of a variety of services which complement the programs of government departments.

Provincial Corporations

A provincial corporation is one which is either wholly-owned by the government or has the majority of directors appointed by the government. Provincial corporations deliver government programs and initiatives in diverse areas of activity. In most cases, the provincial corporations described in this section were subsidized in some manner by the General Revenue Fund. Many of them met all or a portion of their capital requirements through the sale of debentures to the Alberta Heritage Savings Trust Fund.

Alberta Opportunity Company

The Alberta Opportunity Company (AOC) operates as a lender of last resort by providing loans and guarantees to small businesses unable to obtain financing on reasonable terms and conditions from conventional sources. In 1982-83, the Company authorized 280 loans and loan guarantees totalling $47 million.

AOC's lending activities were financed by borrowing $35.4 million (net) from the Alberta Heritage Savings Trust Fund and by $13.3 million in loan repayments. The net loss experienced on operations was $13.4 million. To assist AOC with its operating costs, the Department of Tourism and Small Business provided a grant of $5 million.

Alberta Agricultural Development Corporation

The Alberta Agricultural Development Corporation's (AADC) loan and loan guarantee programs for farmers and agribusinesses supplement financing available from conventional lenders and other government lenders. Loans are made at preferential interest rates and a number of programs offer interest rebates to qualifying farmers. In 1982-83, AADC authorized 1,486 direct farm loans and 30 direct agribusiness loans totalling $212 million. The Corporation also extended guarantees of $91.8 million on loans to farmers and $28.7 million on agribusiness loans.

To finance its lending operations, AADC borrowed $170 million (net) from the Alberta Heritage Savings Trust Fund. The Corporation received an appropriation of $60 million through the Department of Agriculture to meet operating costs, the costs of interest rebates, and the difference between the Corporation's cost of borrowing and its interest revenues.

Alberta Municipal Financing Corporation

The Alberta Municipal Financing Corporation (AMFC) provides loans at current interest rates to municipalities, school systems and hospital boards in the province. During the year ended December 31, 1982, new loans totalled $1,120 million.

To finance these lending activities, AMFC issued $1,117 million in debentures. Of this total, $342 million was borrowed from the Canada Pension Plan (CPP) Investment Fund, $665 million from the Alberta Heritage Savings Trust Fund and $110 million from the province's General Revenue Fund. In December 1982, AMFC began issuing debentures to the public with a $250 million sale.

Alberta Home Mortgage Corporation

The Alberta Home Mortgage Corporation's (AHMC) mortgage lending programs help ensure that there is an adequate supply of affordable rental and ownership accommodation available in the market for low and middle income Albertans. During 1982-83, AHMC committed financing for a total of 7,040 units, a decrease from 17,553 units in 1981-82. As in the previous year, its largest program was the Alberta Family Home Purchase Program through which mortgage financing for 4,108 homeownership units was committed.

To finance these lending activities, AHMC borrowed $637 million (net) from the Alberta Heritage Savings Trust Fund. The Corporation received an appropriation of $80 million from the Department of Housing to meet operating costs, the cost of subsidies, and the difference between the Corporation's cost of borrowing and its interest revenues.

Alberta Housing Corporation

The principal mandate of the Alberta Housing Corporation (AHC) is the provision of affordable housing for senior citizens and low to middle income Albertans whose housing needs cannot be met in the market place. In 1982-83, AHC committed to construct 2,244 senior citizen apartments, 403 beds in senior citizen lodges and 1,088 units under the Community Housing Program.

AHC borrowed $295 million (net) from the Heritage Fund to support its capital activities during 1982-83. The Corporation's operating deficit, which is met by appropriations from the Department of Housing, was $85.5 million.

Alberta Oil Sands Technology and Research Authority

The Alberta Oil Sands Technology and Research Authority (AOSTRA) promotes the development of new technology for the recovery and processing of petroleum from the Alberta oil sands, the recovery of heavy oil and the enhanced recovery of oil from conventional petroleum reserves. AOSTRA obtains ownership of the technology derived from the projects it funds and makes this technology available to all interested parties on fair business terms.

During the year ended March 31, 1983, AOSTRA received $2.9 million from the sale of technology and $39.5 million through an appropriation from the Capital Projects Division of the Heritage Fund. Of these funds, $15 million was expended on in-situ oil sands projects and $8.4 million on institutional research. The remainder went toward other research projects in areas such as heavy oil and the mining and extraction of oil and oil sands.

Other Provincial Corporations

Other provincial corporations include the Energy Resources Conservation Board (ERCB) which is responsible for performing regulatory and other functions relating to the exploration, development, production and transportation of Alberta's energy resources. Another provincial corporation, the Alberta Hail and Crop Insurance Corporation provides Alberta farmers with insurance against crop losses caused by all natural hazards including hail. The Alberta Educational Communications Corporation (ACCESS) provides educational broadcasting services and develops, produces and distributes educational programs and materials.

Commercial Enterprises

The provincial corporations, committees and enterprises included in this section are those which operate on the basis of their full cost being supported by charges for goods and services. These entities do not receive subsidies from the General Revenue Fund.

Alberta Government Telephones

Alberta Government Telephones Commission (AGT) provides Albertans with telephone, telecommunications and data processing services. In the year ended December 31, 1982, AGT's total revenues increased by 13 per cent to $875.8 million, while its total expenses increased by 20 per cent to $932.3 million. High interest rates and increases in operating expenses including depreciation, maintenance and administration were mainly responsible for the 20 per cent increase in total expenses. As a result, AGT experienced a net loss of $56.5 million for 1982, which was covered by retained earnings. Retained earnings at December 31, 1982 were $72.9 million. AGT invested $474 million in new capital assets during 1982, bringing total assets to $2,312 million. To finance its requirements, AGT issued debentures totalling $220 million (net) to the Alberta Heritage Savings Trust Fund and $90 million to the General Revenue Fund.

Treasury Branches

At March 31, 1983, assets of the Treasury Branches totalled $2,994 million including $2,459 million in loans. Treasury Branches experienced a net deficit of $3.7 million in 1982-83.

Alberta Liquor Control Board

The Alberta Liquor Control Board's net income for the year ended December 31, 1982 totalled $280 million of which $233 million was remitted to the General Revenue Fund. The balance was used to purchase fixed assets and provide for the current requirements of the Board.

Other Commercial Enterprises

Other commercial enterprises include the Worker's Compensation Board which provides medical and vocational rehabilitation and compensation to injured workers through an industry supported insurance program and Alberta Terminals Ltd. which operates inland grain terminals at Calgary, Edmonton and Lethbridge.

Financial Statements

Introduction 22

General Revenue Fund

Statement of Reported Assets, Liabilities and Net Assets 23

Statement of Budgetary Revenue and Expenditure 24

Statement of Changes in Financial Position 25

Notes to the Financial Statements 26

Schedules to the Financial Statements 30

Province of Alberta

Consolidated Statement of Reported Assets, Liabilities and Net Assets 39

Consolidated Statement of Revenue and Expenditure 40

Consolidated Statement of Changes in Financial Position 41

Notes to the Consolidated Financial Statements 42

Schedules to the Consolidated Financial Statements 48

The financial statements in this publication are extracted from the audited financial statements published in the Public Accounts of Alberta, 1982-83.

A. D. O'Brien
Controller

Introduction

General Revenue Fund Financial Statements

The General Revenue Fund of the Province receives all public money, except money over which the Legislature has no power of appropriation and money which is otherwise specially disposed of by legislation. Once received in the General Revenue Fund, funds may be expended on the authority of a supply vote approved by the Legislative Assembly, a special warrant ordered by the Lieutenant Governor in Council, or a provincial statute.

Public money over which the Legislature has no power of appropriation is money paid in trust to the Province to be used for the purposes prescribed by the payer or settlor. Money otherwise specially disposed of by legislation represents fees or other revenues directed by legislation to be paid into a regulated fund to be used for special purposes. All other public money is paid into the General Revenue Fund.

Expenditures are made from the General Revenue Fund on the authority of supply votes approved by the Legislature, including special warrants ordered by the Lieutenant Governor in Council which are deemed to be supply votes. These expenditures are reported in the General Revenue Fund financial statements as "Budgetary Expenditure -Voted Appropriations".

Expenditures may be made from the General Revenue Fund on the authority of legislation which may direct the transfer of revenue to another fund, shown in the financial statements as a reduction of Budgetary Revenue; or which directs certain types of expenditure which are disclosed as "Budgetary Expenditure - Statutory Appropriations".

The term "Budgetary" is used to describe revenue or expenditure that affects General Revenue Fund "Net Assets". Non-budgetary transactions affect financial claims or liabilities recorded in the General Revenue Fund Statement of Reported Assets, Liabilities and Net Assets but do not change the "Net Assets" or surplus position.

Consolidated Financial Statements

The consolidated financial statements aggregate the financial operations and results of the General Revenue Fund, the Alberta Heritage Savings Trust Fund, other regulated funds, revolving funds, and certain provincial corporations and committees. These statements provide comprehensive information regarding the Province's overall financial operations. This information is not readily apparent from examination of the financial statements of each separate entity. A more detailed explanation of accounting policies used in the preparation of the consolidated statements is provided in the notes to the financial statements.

General Revenue Fund

Statement of Reported Assets, Liabilities and Net Assets
March 31, 1983

	In thousands	
	1983	1982
Assets		
Cash and term deposits	$ 728,855	$1,267,073
Accounts receivable	751,510	971,562
Investments - marketable securities (Schedule 1)	556,727	881,863
Investments - long term (Schedule 2)	96,137	59,791
Loans and advances to government enterprises (Schedule 3)	50,040	48,555
Loans and advances - other (Schedule 4)	42,552	45,665
	$2,225,821	$3,274,509
Liabilities and Net Assets		
Liabilities		
Accounts and loans payable	$1,102,690	$ 741,731
Unearned revenue and suspense (Schedule 5)	56,670	60,764
Unmatured debt (Schedule 6)	778,483	136,260
	1,937,843	938,755
Net Assets		
Net assets at beginning of year	2,335,754	2,292,143
Budgetary surplus (deficit)	(2,047,776)	43,611
Net assets at end of year	287,978	2,335,754
	$2,225,821	$3,274,509
Guarantees and indemnities (Schedule 10)	$ 384,123	$ 377,954

See accompanying notes to the financial statements.

Statement of Budgetary Revenue and Expenditure
For the Year Ended March 31, 1983

In thousands

	1983		1982
	Budget(a)	Actual	Actual
Budgetary revenue (Schedule 7):			
Ordinary revenue:			
Taxes	$ 1,556,000	$1,728,020	$1,947,362
Non-renewable resource revenue	3,627,000	2,814,797	3,329,439
Payments from Government of Canada	716,000	922,236	1,007,125
Fees, permits and licences	182,000	144,622	169,059
Utility and trading profits	210,000	236,479	188,882
Other	229,000	360,653	445,027
	6,520,000	6,206,807	7,086,894
Reduction in Heritage Fund transfer to 15%	—	13,272	—
Heritage Fund investment income	—	865,720	—
	6,520,000	7,085,799	7,086,894
Budgetary expenditure:			
Voted appropriations (Schedule 8):			
Health	2,016,168	2,099,988	1,544,749
Education	1,846,819	1,887,418	1,556,867
Social, cultural and recreational development	1,521,757	1,596,131	1,198,116
Economic development, transportation, utilities and resource management	2,139,089	2,477,313	1,819,869
Justice, policing and correctional institutions	304,330	306,722	262,785
General government	918,257	701,438	543,091
	8,746,420	9,069,010	6,925,477
Statutory appropriations (Schedule 9)	252,353	64,565	117,806
	8,998,773	9,133,575	7,043,283
Budgetary surplus (deficit)	$(2,478,773)	$(2,047,776)	$ 43,611

(a) Budgeted revenue is reduced by $1,441,000,000 to reflect the April 15, 1982 oil and gas activity programme revisions to the revenue section of the financial plan. Budgetary expenditure includes supplementary estimates of $311,300,000 and is reduced by $31,896,000 voted for investment purposes.

Statement of Changes in Financial Position
For the Year Ended March 31, 1983

In thousands

	1983		1982
	Budget	Actual	Actual
Funds were provided by:			
Disposals, repayments and redemptions of marketable securities	$ —	$ 431,253	$ 143,984
Repayments of loans and advances:			
Government enterprises	33,400	38,023	35,310
Other	7,618	6,899	9,289
Issue of:			
91 day Treasury bills	—	1,866,157	—
Short term promissory notes	—	500,000	—
	41,018	2,842,332	188,583
Funds were required for:			
Budgetary deficit (surplus)	2,478,773	2,047,776	(43,611)
Add (deduct) non-cash items:			
Amortization of discount on investments and debt, net	—	(42,683)	2,409
Amortization of deferred realized gains and losses on sinking fund investments	—	(211)	(207)
Earnings on investments valued at equity	—	226	144
Decrease (increase) in provision to reduce investments to aggregate market value	(1,000)	90,219	(13,427)
Increase in provision for exchange on debt payable in United States funds	(250)	(108)	(1,305)
Increase in provision for doubtful accounts and loans	(4,000)	(40,501)	(4,358)
Funds required for (provided by) budgetary operations	2,473,523	2,054,718	(60,355)
Purchase of investments:			
Marketable securities	—	—	438,171
Long term	31,108	36,120	13,244
Loans and advances:			
Government enterprises	37,000	39,566	42,770
Other	4,788	4,005	1,843
Debt retirement:			
Redemption of:			
91 day Treasury bills	—	1,270,000	—
Short term promissory notes	—	500,000	—
Sinking fund	10,000	12,963	10,179
Deferred realized gains and losses on sinking fund investments	—	(129)	2,184
Unearned revenue and suspense	—	4,094	18,863
	2,556,419	3,921,337	466,899
Net funds required	2,515,401	1,079,005	278,316
Add (deduct):			
Increase (decrease) in receivables	—	(179,828)	294,842
Increase in payables	—	(360,959)	(169,614)
	—	(540,787)	125,228
Decrease in cash and term deposits	$2,515,401	$ 538,218	$ 403,544

Note 1
Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies:

(a) Reporting entity

The reporting entity is the General Revenue Fund. Activities of Provincial agencies and regulated funds are reported only to the extent of advances made from or repaid to the General Revenue Fund, contributions from the General Revenue Fund to cover expenses or operating deficits and repayments of contributions in excess of current requirements. Financial claims of and on revolving funds are included in the General Revenue Fund statements and the net funds required to finance revolving fund operations have been charged as budgetary expenditure, statutory appropriations.

(b) Basis of financial reporting

Revenues

Budgetary revenues are reported on an accrual basis except for net personal and corporate income taxes which are reported on a cash basis.

Expenditures

Expenditures represent the cost of goods and services acquired during the year and expenditures made or accrued in accordance with the conditions of approved grant programmes, including capital acquisitions, expenditures on capital programmes and grants for capital purposes.

Pension costs are reported on a current contributions basis and no provision is made for actuarial estimates of additional annual costs.

No provision is made for accrued employee vacation entitlements.

Reported assets and liabilities

Reported assets are limited to financial claims due to the General Revenue Fund and revolving funds as a result of events and transactions prior to March 31, 1983 except that net personal and corporate income taxes receivable are not reported.

Liabilities include all financial claims payable by the General Revenue Fund and revolving funds at March 31, 1983. No provision is made for actuarial estimates of liabilities in respect of the present or future benefits payable under Pension Acts with benefits directly chargeable to or guaranteed by the Province, accrued employee vacation entitlements, amounts payable under the Alberta Income Tax Act, the Alberta Corporate Income Tax Act, commitments under construction or other contracts and agreements at the year end, including capital equipment leases.

Term deposits and payables in respect of forward exchange contracts denominated in foreign currency are translated at the current rate of exchange at the balance sheet date.

Unrealized exchange gains or losses relating to hedged monetary assets are deferred.

Marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis.

Long term investments are recorded at cost, except for investments in wholly owned Provincial corporations operated as commercial enterprises which are valued on an equity basis.

Sinking fund investments are carried at adjusted cost which includes deferred unamortized realized gains and losses. Realized gains and losses on disposals of sinking fund investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

Debentures included in unmatured debt are recorded at face amount of the issue plus a provision for exchange on debt payable in United States funds at the March 31 rate of exchange, less sinking fund assets. 91 day Treasury bills are recorded at issue principal less unamortized discount.

Consistent with the reporting of capital acquisitions as expenditure, fixed assets are not reported.

Note 2
Changes in Accounting Policy

Transfers to the Alberta Petroleum Incentives Program Fund

The Petroleum Incentives Program Act provides that non-renewable resource revenue in amounts estimated by the Minister of Energy and Natural Resources to be required to meet payments of incentives is to be transferred from the General Revenue Fund to the Alberta Petroleum Incentives Program Fund. As no applications were received by the Alberta Petroleum Incentives Program Fund prior to April 1, 1982, no transfers of non-renewabie resource revenue were made during 1981-82.

During the year ended March 31, 1983 the Alberta Petroleum Incentives Program Fund adopted the accounting policy of recording as current expenditure the incentive grant, net of estimated normal adjustment, in respect of expenditures made by industry prior to the year end, for all applications received by June 30. Previously, incentive grants were recognized only after being approved.

As a result of this change the General Revenue Fund has adopted the accounting policy of adjusting the allocation of non-renewable resource revenue to the Alberta Petroleum Incentives Program Fund by an amount sufficient to eliminate any excess of expenditure over revenue of the latter fund. If the change had not been made, accounts receivable, accounts and loans payable and net assets at March 31, 1983 would have been $745,143,000, $777,506,000 and $604,701,000 respectively, and budgetary deficit for the year ended March 31, 1983 would have been $1,731,053,000. The 1982 figures have not been restated to reflect this change because the change by the Alberta Petroleum Incentives Program Fund referred to above was not adopted retroactively.

Sinking fund investments

Realized gains and losses on disposals of sinking fund investments are considered to be an adjustment of future portfolio yield and are now deferred and amortized. These investments are now carried at adjusted cost which includes amounts deferred. Prior to April 1, 1982, realized gains and losses on disposals of sinking fund investments were included in the determination of budgetary deficit and these investments were valued at the lower of cost or market. This change in accounting policy has been applied retroactively and accordingly the financial statements for the year ended March 31, 1982 have been restated. As a result of this change budgetary deficit for the year ended March 31, 1983 was reduced by $1,902,000 and budgetary surplus for the year ended March 31, 1982, as previously reported, increased by $2,514,000. Net assets at April 1, 1981 and April 1, 1982 have been adjusted for the cumulative effect of applying retroactively the change in accounting policy by $6,696,000 and $9,210,000 respectively.

Note 3
Pension Liabilities and Commitments

Pension receipts and pension payments are recorded initially in the General Revenue Fund and transferred subsequently therefrom to the Pension Fund, pursuant to section 5 of the Pension Fund Act. The Act provides that payments in excess of Pension Fund net assets are to be charged to the General Revenue Fund. Pension Fund net assets at March 31, 1983 amounted to $1,766,352,000 (1982 - $1,400,320,000).

Actuarial valuations of the above Pension Acts were carried out at March 31, 1981 and estimated accrued liabilities were as undernoted.

	1981
Local Authorities Pension Act	$1,672,494,000
M.L.A. Pension Act	18,522,000
Public Service Management Pension Act	431,600,000
Public Service Pension Act	1,351,735,000
Special Forces Pension Act	167,518,000
Universities Academic Pension Act	472,129,000
	4,113,998,000
Less Pension Fund balance at March 31, 1981	1,108,173,000
Unfunded accrued liability	$3,005,825,000

The 1981 figures were estimated by calculating the present value, at March 31, 1981, of benefits that accrued in respect of service to that date. The valuations were based on a common set of economic assumptions, including rate of salary increases due to inflation, interest rates and rates of discretionary cost of living increases for present and future retired members. Demographic assumptions used in estimating the above liabilities, including mortality, termination, retirement, and marital status and salary increases due to promotion and merit, varied from plan to plan according to the particular characteristics of each plan.

Under provisions of the Teachers' Retirement Fund Act, payment of all benefits is guaranteed by the Province of Alberta. An actuarial valuation at August 31, 1978 indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately $742,000,000 to meet the liabilities of the fund. The actuarial valuation was based on a different set of assumptions and methods to those used for the above Pension Acts and no amount was included for future discretionary cost of living increases.

Note 4
Contingent Liabilities

The Province has a contingent liability in respect of a statement of claim issued on February 19, 1982. The plaintiffs are the members of the Lubicon Lake Band and the Cree Community of Little Buffalo Lake. The defendants are the Province of Alberta and a number of oil companies. The plaintiffs claim entitlement to at least 60 square miles of land in Northwestern Alberta as a reserve. They are also claiming $700,000,000 in lieu of royalties and revenues, or alternatively a reserve of 60 square miles including mines and minerals together with $200,000,000 damages, and interest on all amounts.

The Province has a contingent liability in respect of a statement of claim filed by eight Metis Settlement Associations. On February 2, 1977 it was contended that the Province had received approximately $30,000,000 from the sale, lease or rental, royalties and fees from the petroleum and natural gas rights on certain lands and that the Associations were entitled to the aforesaid monies as well as all monies thereafter accruing from these petroleum and natural gas rights.

The Province also has a contingent liability in respect of three other native land or mineral rights claims in which the amounts claimed are unspecified.

At March 31, 1983 the Province was named as defendant in various legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately $51,789,000. Because the outcome of these actions is uncertain the likely loss to the Province, if any, cannot be determined. Similarly, the likely resulting loss, if any, from other claims and potential claims for which no specific amounts have been claimed, cannot be determined.

The Province has a contingent liability to return to Indian Bands its share of oil export tax relating to the period October 1, 1973 to March 31, 1974 in respect of oil production from Indian lands. The Province is committed to return its share of oil export tax, which amounts to approximately $4,650,000, if the federal government makes a similar decision in respect of its share.

Details of guarantees and indemnities are shown in Schedule 10.

No provision has been made in the financial statements for contingent liabilities resulting from litigation, guarantees and indemnities.

Note 5
Comparative Figures

The 1982 figures have been restated where necessary to conform to the 1983 presentation.

Schedule 1
Investments — Marketable Securities

	In thousands			
	1983		1982	
	Cost	Market Value	Cost	Market Value
Bonds and Debentures:				
Government of Canada, direct and guaranteed	$ 48,707	$ 44,258	$260,064	$222,172
Province of Alberta, direct and guaranteed	293,588	338,749	464,024	458,085
Other provinces, direct and guaranteed	113,022	100,082	127,949	90,237
Municipal	4,116	2,856	4,865	2,871
School districts and divisions	1,588	1,262	2,330	1,589
Corporate	18,879	18,107	19,584	16,047
	479,900	505,314	878,816	791,001
Mortgages	55,936	54,229	60,798	54,513
Long term promissory notes	20,891	20,748	46,892	46,892
	556,727	580,291	986,506	892,406
Less investment in debentures issued by the Province and the Alberta Universities Commission deducted from unmatured debt	—	—	14,424	10,543
	$556,727	$580,291	$972,082	$881,863

Schedule 2
Investments — Long Term

	In thousands	
	1983	1982
Alberta Municipal Financing Corporation Class A shares, at cost	$ 45	$ 45
Chembiomed Ltd. preferred shares, at cost	2,900	—
Global Thermoelectric Power Systems Ltd. preferred shares, at cost	849	—
Native Venture Capital Co. Ltd.		
Class A common shares, at cost	10	—
Class B common shares, at cost	10	—
Class A preferred shares, at cost	1,980	—
Pacific Western Airlines Ltd. common shares, at cost (a)	37,561	37,561
Ridley Grain Ltd. non-interest bearing Series A participating debenture, at cost	37,500	10,737
Total at cost	80,855	48,343
Alberta Terminals Ltd. common shares, at equity (b)	15,282	11,448
Total at equity	15,282	11,448
	$96,137	$59,791

Schedule 2
Investments — Long Term (cont'd)

(a) The investment in Pacific Western Airlines Ltd., which represents 99.85% (1982 - 99.84%) of the outstanding voting shares, has not been adjusted for the Province's share of retained earnings. Pacific Western Airlines Ltd. reported earnings for the year ended December 31, 1982 of $6,309,000 (1981 - $17,926,000) and retained earnings at December 31, 1982 of $76,642,000 (1981 - $70,333,000).

(b) The investment in Alberta Terminals Ltd., representing 100% of the outstanding voting shares, is valued at equity, being cost adjusted for post-acquisition operating results. Equity at March 31, 1983 represents cost $14,661,000 (1982 - $11,053,000) plus retained earnings of $621,000 (1982 - $395,000).

Schedule 3
Loans and Advances to Government Enterprises

	In thousands	
	1983	1982
Loan Funds:		
Rural Electrification Revolving Fund	$43,959	$40,985
Homestead Lease Loan Fund	657	657
Municipal Loans Revolving Fund	371	571
Students Loan Fund	342	356
	45,329	42,569
Other Regulated Funds and Agencies:		
Alberta Resources Railway Corporation	9,429	9,419
Motion Picture Development Fund	3,000	3,000
Alberta Hail and Crop Insurance Corporation	1,726	2,344
Alberta Opportunity Company	312	312
Public Trustee	24	25
Alberta Government Telephones Commission	—	648
	14,491	15,748
	59,820	58,317
Less allowance for doubtful loans and advances	9,780	9,762
	$50,040	$48,555

Schedule 4
Loans and Advances — Other

	In thousands	
	1983	1982
Advances under the Municipal Land Loans Act — cities	$18,298	$19,371
Accountable advances	10,414	9,710
Airport terminal costs recoverable from the Government of Canada	3,907	3,975
University of Alberta Students' Union	2,675	2,769
Guarantees implemented	2,479	2,826
Canadian Co-operative Implements Ltd.	1,575	787
Foothills Provincial General Hospital	1,500	1,500
University of Calgary Students' Union	1,470	1,518
Judgement debts	1,168	1,258
Chembiomed Ltd.	1,000	200
University of Alberta Hospital	900	900
Advances under water transmission pipeline agreements	818	818
Global Thermoelectric Power Systems Ltd.	537	—
Provincial Cancer Hospitals	451	451
Glenrose Provincial General Hospital	350	350
Advances under the Cemeteries Act	85	85
Brazeau River development costs recoverable from TransAlta Utilities Corporation	—	4,418
Miscellaneous	3	3
	47,630	50,939
Less allowance for doubtful loans and advances	5,078	5,274
	$42,552	$45,665

Schedule 5
Unearned Revenue and Suspense

	In thousands	
	1983	1982
Unearned Revenue:		
Cash on hand or in transit in respect of revenue of the next fiscal year	$55,424	$59,354
Suspense:		
Cash on hand or in transit which will be disbursed to other funds, refunded or credited to revenue of the next fiscal year	1,246	1,410
	$56,670	$60,764

Schedule 6
Unmatured Debt

In thousands

Date of Issue	Date of Maturity	Principal Outstanding	Deduct Sinking Fund Assets	Net Unmatured Debt 1983	Net Unmatured Debt 1982
Debentures:					
Canada Pension Plan Investment Fund					
July 4, 1972	July 4, 1992	$ 9,107	$ 3,190	$ 5,917	$ 6,453
Aug. 1, 1972	Aug. 1,1992	7,520	2,614	4,906	5,347
Sept. 1, 1972	Sept. 1, 1992	8,402	2,898	5,504	5,995
Oct. 2, 1972	Oct. 2, 1992	5,724	1,959	3,765	4,099
Nov. 1, 1972	Nov. 1, 1992	5,947	2,019	3,928	4,273
Dec. 1, 1972	Dec. 1, 1992	5,484	1,847	3,637	3,954
Other					
Dec. 2, 1968	Dec. 2, 1988	12,500	5,838	6,662	7,518
Apr. 15, 1970	Apr. 15, 1990	3,000	1,267	1,733	1,928
Nov. 16, 1970	Nov. 16, 1990	35,000	14,114	20,886	23,100
Jun. 15, 1971	Jun. 15, 1991	25,000	9,606	15,394	16,936
Oct. 15, 1971	Oct. 15, 1991	50,000	18,670	31,330	34,370
Mar. 31, 1972	Mar. 31, 1992	4,000	1,434	2,566	2,804
Dec. 1, 1967	Dec. 1, 1992	20,000	9,994	10,006	11,432
Mar. 1, 1969	Mar. 1, 1994	37,017(a)	16,988	20,029	22,475
		228,701	92,438	136,263	150,684
Less investment in debentures issued by the Province of Alberta and the Alberta Universities Commission		—	—	—	14,424
		$228,701	$ 92,438	136,263	136,260
91 day Treasury bills				650,000	—
Less unamortized discount				7,780	—
				642,220	—
				$778,483	$136,260

(a) Includes provision for exchange at year end on debentures payable in United States funds (U.S. $30,000,000).

Schedule 7
Budgetary Revenue

In thousands

	1983		1982
	Budget	Revenue	Revenue
Taxes:			
Personal income tax, net	$1,560,000	$1,650,142	$1,322,699
Corporate income tax	631,000	565,727	547,710
Less royalty tax credit	(888,000)	(728,238)	(131,994)
Freehold reserves tax	179,000	155,897	134,826
Pari-mutuel tax	12,000	11,907	11,265
Tobacco tax	26,000	32,606	26,663
Other	36,000	39,979	36,193
	1,556,000	1,728,020	1,947,362
Non-Renewable Resource Revenue:			
Crude oil royalty	2,383,000	2,337,887	2,177,983
Natural gas and by-products royalty	2.412,000	1,876,362	1,956,294
Synthetic crude oil royalty	450,000	362,340	229,714
Coal royalty	11,000	13,950	11,921
Rentals and fees	112,000	102,077	102,879
Bonuses and sales of Crown leases	725,000	336,500	556,914
Exploratory drilling and geophysical incentive credits	(200,000)	(178,923)	(156,205)
Allocation to Alberta Petroleum Incentives Program Fund	(500,000)	(684,321)	—
	5,393,000	4,165,872	4,879,500
30% Allocation to Alberta Heritage Savings Trust Fund (a)	(1,618,000)	(1,249,762)	(1,463,850)
Allocation to Natural Gas Rebates Fund	(148,000)	(101,313)	(86,211)
	3,627,000	2,814,797	3,329,439
Payments from Government of Canada:			
Hospital insurance	176,000	207,376	260,950
Canada assistance plan	207,000	306,784	239,197
Post-secondary education	112,000	131,938	167,856
Training of manpower	37,000	43,385	34,505
Extended health care	74,000	77,102	69,329
Energy resources research	—	—	24,000
Oil export charge	65,000	100,712	160,950
Other	45,000	54,939	50,338
	716,000	922,236	1,007,125
Fees, Permits and Licences:			
Motor vehicle licences	86,000	52,257	70,609
Land titles	31,000	21,365	26,765
Timber rentals and fees	11,000	10,978	9,391
Other	54,000	60,022	62,294
	182,000	144,622	169,059
Utility and Trading Profits:			
Alberta Liquor Control Board	198,000	236,300	187,500
Other	12,000	179	1,382
	210,000	236,479	188,882
Other Revenue:			
Revenue producing assets	150,000	237,538	340,877
Refunds of expenditure	40,000	59,237	47,883
Fines and penalties	21,000	18,609	20,655
Sales of assets	9,000	17,905	13,646
Miscellaneous	9,000	27,364	21,966
	229,000	360,653	445,027
Total ordinary revenue	6,520,000	6,206,807	7,086,894
Reduction in Heritage Fund transfer to 15% (a)	—	13,272	—
Heritage Fund investment income	—	865,720	—
Total revenue	$6,520,000	$7,085,799	$7,086,894

Schedule 7
Budgetary Revenue
(cont'd)

(a) The following table shows how the allocation of non-renewable resource revenue to the Alberta Heritage Savings Trust Fund for the fiscal years ended March 31, 1982 and 1983 was calculated. The table includes an analysis of the allocation and a reconciliation to the transfer reported by the Alberta Heritage Savings Trust Fund.

	In thousands	
	1983	1982
Net non-renewable resource revenue before allocation (i)	$4,165,872	$4,879,500
Allocation		
— 30% of preceding total (i)	$1,249,762	$1,463,850
— 15% reduction applicable to accrued revenue (i) (ii)	(13,272)	—
Net allocation	$1,236,490	$1,463,850
Transferred during the year	$1,231,593	$1,339,028
Amount to be transferred (i)	4,897	124,822
	1,236,490	1,463,850
Decrease (increase) in amount to be transferred	119,925	(30,804)
Prior period adjustment of the Alberta Heritage Savings Trust Fund (iii)	—	1,114
Transfer reported by the Alberta Heritage Savings Trust Fund	$1,356,415	$1,434,160

(i) These amounts are reported on an accrual basis. The transfer made to the Alberta Heritage Savings Trust Fund, pursuant to the Alberta Heritage Savings Trust Fund Act, was on a basis of cash received.

(ii) For the 1983-84 fiscal year, 15% of the non-renewable resource revenue received by the General Revenue Fund will be transferred to the Alberta Heritage Savings Trust Fund pursuant to section 1 of the Alberta Heritage Savings Trust Fund Special Appropriation Act 1983-84.

30% of the non-renewable resource revenue received during the year ended March 31, 1983 has been transferred to the Alberta Heritage Savings Trust Fund, but only 15% of the amount of net non-renewable resource revenue receivable at March 31, 1983 will be transferred. This 15% reduction in the amount to be transferred is shown as a separate revenue source in order to indicate the effect of the change.

(iii) This adjustment was required pursuant to section 5(6) of the Alberta Heritage Savings Trust Fund Act to make the amount of non-renewable resource revenue in the Alberta Heritage Savings Trust Fund for the year ended March 31, 1981 equal to 30% of the non-renewable resource revenue received in that year.

Schedule 8
Budgetary Expenditure — Voted Appropriations

In thousands

	1983			1982
	Original Budget(a)	Total Authorized(b)	Expenditure	Expenditure
Legislative Assembly:				
Support to the Legislative Assembly	$ 9,542	$ 9,542	$ 8,305	$ 8,548
Office of the Auditor General	8,630	8,630	8,126	7,156
Office of the Ombudsman	721	765	747	677
Office of the Chief Electoral Officer	4,712	8,764	6,474	3,495
	23,605	27,701	23,652	19,876
Departmental:				
Advanced Education	775,423	811,292	807,166	664,755
Agriculture	163,639	231,836	205,024	299,925
Attorney General	100,704	109,576	105,803	92,547
Consumer and Corporate Affairs	17,563	18,561	16,937	14,224
Culture	71,172	78,397	77,687	35,043
Economic Development	30,087	30,100	26,722	20,991
Education	1,040,734	1,041,646	1,038,094	870,826
Energy and Natural Resources	449,655	588,291	568,091	229,955
Environment	158,045	158,927	144,125	191,003
Executive Council	120,761	127,518	120,426	98,829
Federal and Intergovernmental Affairs	5,488	5,488	5,030	4,527
Hospitals and Medical Care	1,825,172	1,979,498	1,906,022	1,385,654
Housing	209,482	309,805	307,858	150,536
Labour	23,504	23,504	22,629	20,803
Manpower	50,949	71,155	63,169	37,651
Municipal Affairs	291,263	316,968	305,141	215,605
Public Works, Supply and Services	681,891	693,146	559,481	428,726
Recreation and Parks	95,448	110,093	108,085	125,445
Social Services and Community Health	975,812	1,082,613	1,020,436	772,307
Solicitor General	185,613	190,480	183,599	155,835
Tourism and Small Business	20,119	109,252	74,754	17,960
Transportation	921,876	972,675	967,994	786,770
Treasury	151,453	158,353	146,001	89,972
Utilities and Telecommunications	260,962	311,933	271,084	195,712
Salary contingency	96,000	41,705	—	—
	8,722,815	9,572,812	9,045,358	6,905,601
Total expenditure charged to voted appropriations	$8,746,420	$9,600,513	$9,069,010	$6,925,477

(a) Reduced by $31,896,000 voted for investment purposes.

(b) Reduced by $39,496,000 authorized for investment purposes.

Schedule 9
Budgetary Expenditure — Statutory Appropriations

In thousands

	1983		1982
	Budget	Expenditure	Expenditure
Revolving Funds			
Culture Revolving Fund	$ 14	$ 151	$ (27)
Gas Alberta Operating Fund	—	672	(1,002)
Land Purchase Fund	225,875	62,779	60,760
Public Works, Supply and Services Revolving Fund	8,663	(8,414)	11,935
School Book Branch	623	(2,201)	4,612
Transportation Revolving Fund	11,710	(1,155)	22,178
Water Resources Revolving Fund	194	496	241
	247,079	52,328	98,697
Alberta Health Care Insurance Act	—	7,889	—
Blind Workers' Compensation Act	5	2	—
Retirement Annuities Act	19	16	19
Provision for doubtful accounts and loans	4,000	40,501	4,358
Provision for reduction of investments to market	1,000	(90,219)	13,427
Provision for exchange on debt payable in United States funds	250	108	1,305
Debt servicing costs	—	53,940	—
Total expenditure charged to statutory appropriations	$252,353	$ 64,565	$ 117,806

Schedule 10
Guarantees and Indemnities

Guarantees of debt obligations and indemnities that, if implemented, would be a charge on the General Revenue Fund are as follows:

	In thousands	
	1983	1982
Guarantees:		
Debentures:		
AEC Power Ltd.	$237,474	$242,667
Bank, Treasury Branches and Credit Union Loans:		
Corporations and individuals under various government programmes	111,170	108,295
Other:		
Federal loans	18,614	19,009
Mortgage loans	7,865	7,983
	26,479	26,992
Indemnities:		
Time Air Limited	9,000	—
Total	$384,123	$377,954

The above amounts exclude guaranteed liabilities of government entities described in the table below, net of sinking funds and Alberta Heritage Savings Trust Fund holdings:

	In thousands	
	1983	1982
Treasury Branches Deposits Fund	$2,861,120	$2,528,505
Alberta Municipal Financing Corporation	2,542,371	1,929,117
Alberta Government Telephones Commission	323,943	223,576
Alberta Housing Corporation	115,661	117,097
Alberta Resources Railway Corporation	50,073	57,079
Alberta Home Mortgage Corporation	9,505	11,927
	$5,902,673	$4,867,301

The Treasury Branches Deposits Fund and Alberta Municipal Financing Corporation have substantial financial assets to meet their liabilities. At March 31, 1983 the Treasury Branches Deposits Fund had financial assets of $2,885,179,000 to meet guaranteed deposits of $2,925,551,000 (1982 - $2,606,598,000 and $2,637,919,000), and Alberta Municipal Financing Corporation had financial assets of $4,323,997,000 to meet guaranteed debenture debt, net of sinking funds, of $4,189,824,000 (1982 - $3,270,203,000 and $3,197,321,000).

Province of Alberta

Consolidated Statement of Reported Assets, Liabilities and Net Assets
March 31, 1983

	In thousands	
	1983	1982
Assets		
Cash and term deposits	$ 2,296,885	$ 3,040,956
Accounts receivable	2,136,071	2,006,819
Marketable securities (Schedule 1)	548,480	793,552
Portfolio investments (Schedule 2)	3,781,256	3,194,474
Long term investments (Schedule 3)	568,913	564,086
Equity in commercial enterprises (Schedule 4)	1,871,063	1,784,860
Loans and advances (Schedule 5)	7,802,183	5,994,072
	$19,004,851	$17,378,819
Liabilities and Net Assets		
Liabilities		
Accounts and loans payable	$ 2,313,840	$ 1,551,546
Unearned revenue and suspense	59,273	66,518
Unmatured debt (Schedule 6)	3,332,440	2,086,279
Reserve - mortgage insurance fund	37,406	26,841
Restricted profits and equity (Schedule 7)	1,991,874	1,583,829
	7,734,833	5,315,013
Net Assets		
Net assets at beginning of year	12,063,806	9,930,895
Net revenue (expenditure)	(793,788)	2,132,911
Net assets at end of year	11,270,018	12,063,806
	$19,004,851	$17,378,819
Guarantees and indemnities (Schedule 11)	$ 466,093	$ 468,311
Trust funds under administration	$ 1,260,947	$ 1,005,635

See accompanying notes to the financial statements.

Consolidated Statement of Revenue and Expenditure
For the Year Ended March 31, 1983

	In thousands	
	1983	1982
Revenue (Schedule 8):		
Taxes	$ 1,922,237	$ 2,121,539
Non-renewable resource revenue	4,850,193	4,879,500
Payments from Government of Canada	1,130,799	1,144,507
Fees, permits and licences	421,690	413,189
Utility and trading profits	220,293	189,095
Other	2,004,976	1,800,527
	10,550,188	10,548,357
Expenditure (Schedules 9 and 10):		
Health	2,439,008	1,875,165
Education	2,062,002	1,711,015
Social, cultural and recreational development	2,111,193	1,682,382
Economic development, transportation, utilities and resource management	3,759,895	2,281,141
Justice, policing and correctional institutions	318,093	269,799
General government	653,785	595,944
	11,343,976	8,415,446
Net revenue (expenditure)	$ (793,788)	$ 2,132,911

Consolidated Statement of Changes in Financial Position
For the Year Ended March 31, 1983

	In thousands	
	1983	1982
Funds were provided by:		
Debt issues	$ 2,573,842	$ 317,576
Disposals, repayments and redemptions of investments:		
Portfolio investments	2,409,995	2,278,451
Marketable securities, net	473,446	383,380
Long term investments	229,105	89,739
Equity in commercial enterprises	137,672	146,558
Restricted profits and equity	408,045	368,238
Repayment of loans and advances	175,335	173,651
Mortgage insurance fees	10,565	8,442
Deferred realized gains and losses	9,720	(14,663)
	6,427,725	3,751,372
Funds were required for:		
Net expenditure (revenue)	793,788	(2,132,911)
Non-cash items:		
Provision to reduce marketable securities to aggregate market value	171,785	(41,513)
Amortization of discount on investments	105,324	190,405
Provision for exchange on debt payable in United States funds	(108)	(1,305)
Loss retained by commercial enterprises	(22,898)	(5,675)
Provision for doubtful accounts and loans	(60,077)	(14,512)
Amortization of deferred realized gains and losses	(1,008)	(2,208)
Funds required for (provided by) operations	986,806	(2,007,719)
Investments:		
Portfolio investments	2,906,475	2,976,393
Long term investments	233,932	355,929
Equity in commercial enterprises	246,547	475,669
Loans and advances	2,004,735	2,013,974
Debt retirement	1,380,309	187,712
Unearned revenue and suspense	7,245	18,954
	7,766,049	4,020,912
Net funds required	1,338,324	269,540
Add (deduct):		
Increase in receivables	168,039	523,123
Increase in payables	(762,292)	(292,734)
	(594,253)	230,389
Decrease in cash and term deposits	$ 744,071	$ 499,929

Note 1
Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies:

(a) Reporting entity

These financial statements are consolidations of the financial statements of the General Revenue Fund, revolving funds, regulated funds, Provincial corporations, Provincial committees and commercial enterprises for which separate financial statements and summaries are presented in Volume 1 of the Public Accounts of Alberta, 1982-83.

Under the Financial Administration Act, Pacific Western Airlines Ltd., in which the Province holds a majority interest, and Alberta Energy Company Ltd., in which the Province holds 45% of the voting shares, do not come under the definition of Provincial corporation. The Province's investment in those companies is included in long term investments at cost. Housing authorities incorporated under section 39 of the Alberta Housing Act and new towns incorporated under section 5 of the New Towns Act are excluded from the definition of Provincial corporation. Accordingly the accounts of housing authorities and new towns are not included in the consolidated financial statements.

The following corporations are excluded from the definition of Provincial corporation and are exempted from all other provisions of the Financial Administration Act except section 2, which provides the exemption, and section 81 respecting the approval of borrowing by the Provincial Treasurer. Accordingly their accounts are excluded from the Public Accounts and the consolidated financial statements.

(a) The board of a university under the Universities Act

(b) The board of a public college under the Colleges Act

(c) The Governors of the Banff Centre for Continuing Education

(d) The board of a technical institute under the Technical Institutes Act

(e) The Alberta Heritage Foundation for Medical Research

(f) The board of management of a Provincial General Hospital under the Provincial General Hospitals Act

(g) A mental health hospital board under the Mental Health Act

(h) The Provincial Cancer Board, and

(i) The University Hospitals Board under the University of Alberta Hospitals Act

The Board of Trustees of the Northland School Division is a Provincial corporation. The powers of the Board and its operations are, in all matters except the power to requisition a municipality for revenue, consistent with those of elected Boards of Trustees of school districts or divisions. The arrangements for funding of the Board by the Province are such that no surplus or deficit results from its operations and it has no effect on the financial position of the Province. The Board's accounts are not included in these financial statements.

(b) Method of consolidation

The accounts of revolving funds, regulated funds, Provincial corporations, except those designated as commercial enterprises, and Provincial committees are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Inter fund, corporation and committee revenue and expenditure transactions, financing transactions and related asset and liability accounts have been eliminated.

The accounts of commercial enterprises are recorded on an equity basis, the equity being computed in accordance with generally accepted accounting practices applicable to those enterprises.

The reporting period of seven of the Provincial corporations is for the year ended December 31,1982. Where the transactions of those corporations significantly affect the consolidation, they have been restated to March 31, 1983.

(c) Basis of financial reporting

Revenues

Revenues are reported on an accrual basis except for net personal and corporate income taxes which are reported on a cash basis.

Expenditures

Expenditures represent the cost of goods and services acquired during the year and expenditures made or accrued in accordance with the conditions of approved grant programmes, including capital acquisitions, expenditures on capital programmes and grants for capital purposes.

Pension costs are reported on a current contributions basis and no provision is made for actuarial estimates of additional annual costs.

No provision is made for accrued employee vacation entitlements.

Reported Assets and Liabilities

Reported assets are limited to financial claims on outside organizations and individuals as a result of events and transactions prior to March 31, 1983 except that net personal and corporate income taxes receivable are not reported.

Liabilities include all financial claims payable by the Province at March 31, 1983. No provision is made for actuarial estimates of liabilities in respect of the present or future benefits payable under Pension Acts with benefits directly chargeable to or guaranteed by the Province, other than the amount of $1,766,352,000 (1982 - $1,400,320,000) included in restricted profits and equity (see below). No provision is made for accrued employee vacation entitlements, amounts payable under the Alberta Income Tax Act, the Alberta Corporate Income Tax Act, commitments under construction or other contracts and agreements at the year end, including capital equipment leases.

Marketable securities are temporary investments; they are valued at cost or market value, whichever is lower, on an aggregate basis.

Portfolio investments are investments that are required to meet specific future obligations or to provide income over a long period.

Bonds, bond coupons, mid-term money market securities and mortgages included in portfolio investments are carried at adjusted cost which includes deferred unamortized realized gains and losses. Realized gains and losses on disposals of these investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

Equities and real estate and energy fund units included in portfolio investments are carried at cost. Realized gains and losses on disposals of these investments are included in the determination of net expenditure.

Long term investments are those that are intended to be held as long term assets; they are recorded at cost.

Debentures included in unmatured debt are recorded at face amount of the issue plus a provision for exchange on debt payable in United States funds at the March 31 rate of exchange, less sinking fund assets. Sinking fund investments are carried on the same valuation basis as portfolio investments, at cost or adjusted cost. 91 day Treasury bills are recorded at issue principal less unamortized discount.

The reserve — mortgage insurance fund is to insure against losses on mortgages held by the Alberta Home Mortgage Corporation.

Restricted profits and equity refers to the profits and equity of a Provincial corporation and a regulated fund included in the consolidated financial statements which are restricted by legislation and are therefore excluded from net assets of the Province.

Cash, term deposits, accounts receivable, accounts payable and debenture debt denominated in foreign currency are translated at the rate of exchange in effect at the balance sheet date. Investments and revenue items are translated at historical exchange rates.

Gains and losses arising from the translation of foreign currencies are included in the determination of net expenditure except unrealized exchange gains or losses relating to hedged monetary assets which are deferred.

Consistent with the reporting of capital acquisitions as expenditure, fixed assets are not reported.

Note 2
Changes in Accounting Policy

Investments, other than sinking fund investments, that are required to meet specific future obligations or to provide income over a long period are now reported as portfolio investments. At March 31, 1982 these investments were included in investments -marketable securities or investments - long term.

Realized gains and losses on disposals of bonds, bond coupons, mid-term money market securities and mortgages included in portfolio and sinking fund investments are considered to be an adjustment of future portfolio yield and are now deferred and amortized. These investments are now carried at adjusted cost which includes amounts deferred. Equities included in portfolio investments are now valued at cost. Prior to April 1, 1982, realized gains and losses on disposals of bonds and mortgages were included in the determination of net revenue and these investments together with equities, were valued at the lower of cost or market. This change in accounting policy has been applied retroactively and accordingly the financial statements for the year ended March 31, 1982, have been restated. As a result of this change net expenditure for the year ended March 31, 1983 was increased by $22,423,000 and net revenue for the year ended March 31, 1982, as previously reported, increased by $14,423,000. Net assets at April 1, 1981 and April 1, 1982 have been adjusted for the cumulative effect of applying retroactively the change in accounting policy by $15,695,000 and $30,118,000 respectively.

Additional adjustments of $6,288,000 were made to increase net assets at March 31, 1982 as a result of other changes in accounting policy made in the accounts of entities included in these financial statements.

During the year, the Alberta Petroleum Incentives Program Fund adopted the accounting policy, which is consistent with the accounting policy for expenditure as stated in Note 1, of recording as current expenditure incentive grants, net of estimated normal adjustments, in respect of expenditures made by industry to the fiscal year end of the fund, for all applications received by June 30. Previously, incentive grants were recognized only if approved by March 31. This change was not adopted retroactively because the amount as at March 31, 1982 is not determinable. Had this change in accounting policy not been adopted, the amounts reported would be as follows:

Accounts and loans payable	$ 1,962,421,000
Net assets at end of year	$ 11,621,437,000
Net revenue (expenditure)	$ (442,369,000)
Economic development, transportation, utilities and resource management	$ 3,408,476,000

Note 3
Pension Liabilities and Commitments

On Februrary 13, 1981, $1,100,000,000 was transferred from the General Revenue Fund to the Pension Fund pursuant to section 2 of the Pension Fund Act. This transfer was treated as extraordinary expenditure in the Statement of Revenue and Expenditure and included in restricted profits and equity. Pension payments in excess of the Pension Fund balance in restricted profits and equity will be charged to net assets of the Province. The Pension Fund balance in restricted profits and equity at March 31, 1983 amounts to $1,766,352,000 (1982 - $1,400,320,000).

Actuarial valuations of the following Pension Acts were carried out at March 31, 1981 and estimated accrued liabilities were as undernoted.

	1981
Local Authorities Pension Act	$1,672,494,000
M.L.A. Pension Act	18,522,000
Public Service Management Pension Act	431,600,000
Public Service Pension Act	1,351,735,000
Special Forces Pension Act	167,518,000
Universities Academic Pension Act	472,129,000
	4,113,998,000
Less Pension Fund balance included in restricted profits and equity at March 31, 1981	1,108,173,000
Unfunded accrued liability	$3,005,825,000

The 1981 figures were estimated by calculating the present value, at March 31, 1981, of benefits that accrued in respect of service to that date. The valuations were based on a common set of economic assumptions, including rate of salary increases due to inflation, interest rates and rates of discretionary cost of living increases for present and future retired members. Demographic assumptions used in estimating the above liabilities, including mortality, termination, retirement, and marital status and salary increases due to promotion and merit, varied from plan to plan according to the particular characteristics of each plan.

Under provisions of the Teachers' Retirement Fund Act, payment of all benefits is guaranteed by the Province of Alberta. An actuarial valuation at August 31, 1978 indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately $742,000,000 to meet the liabilities of the fund. The actuarial valuation was based on a different set of assumptions and methods to those used for the above Pension Acts and no amount was included for future discretionary cost of living increases.

Note 4
Contingent Liabilities

The Province has a contingent liability in respect of a statement of claim issued on February 19, 1982. The plaintiffs are the members of the Lubicon Lake Band and the Cree Community of Little Buffalo Lake. The defendants are the Province of Alberta and a number of oil companies. The plaintiffs claim entitlement to at least 60 square miles of land in Northwestern Alberta as a reserve. They are also claiming $700,000,000 in lieu of royalties and revenues, or alternatively a reserve of 60 square miles including mines and minerals together with $200,000,000 damages, and interest on all amounts.

The Province has a contingent liability in respect of a statement of claim filed by eight Metis Settlement Associations. On February 2, 1977 it was contended that the Province had received approximately $30,000,000 from the sale, lease or rental, royalties and fees from

the petroleum and natural gas rights on certain lands and that the Associations were entitled to the aforesaid monies as well as all monies thereafter accruing from these petroleum and natural gas rights.

The Province also has a contingent liability in respect of three other native land or mineral rights claims in which the amounts claimed are unspecified.

Claims pending at March 31, 1983 in respect of land acquisitons by the Capital Projects Division of the Alberta Heritage Savings Trust Fund, excluding interest and costs if any, exceed amounts expended by approximately $47,000,000 (1982 - $43,000,000). The actual liability cannot be determined until expropriation proceedings are completed.

At March 31, 1983 the Province was named as defendant in various legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately $67,628,000. Because the outcome of these actions is uncertain the likely loss to the Province, if any, cannot be determined.

Potential claims amount to approximately $6,200,000. The likely resulting loss from these potential claims, if any, and other claims and potential claims for which no specific amounts have been claimed, cannot be determined.

The Province has a contingent liability to return to Indian Bands its share of oil export tax relating to the period October 1, 1973 to March 31, 1974 in respect of oil production from Indian lands. The Province is committed to return its share of oil export tax, which amounts to approximately $4,650,000, if the federal government makes a similar decision in respect of its share.

Details of guarantees and indemnities are shown in Schedule 11.

No provision has been made in the consolidated financial statements for contingent liabilities resulting from litigation, guarantees and indemnities.

Note 5
Comparative Figures

The 1982 figures have been restated where necessary to conform to the 1983 presentation.

Schedule 1
Marketable Securities

In thousands

	1983		1982	
	Book Value	Market Value	Book Value	Market Value
Bonds:				
Government of Canada, direct and guaranteed	$ 256,851	$ 232,233	$ 554,958	$ 453,649
Provincial, direct and guaranteed	220,592	190,824	253,809	176,456
Board of Governors of the University of Alberta	5,185	5,159	5,232	3,270
Municipalities, school and hospital boards	5,904	4,299	7,461	4,672
Corporate	36,890	34,312	37,581	29,558
Mortgages	55,936	54,229	60,798	54,513
Mid-term money market securities:				
Promissory notes	20,891	20,748	69,892	69,892
Guaranteed investment certificates	1,793	1,693	2,003	1,542
Bond coupons:				
Government of Canada, direct and guaranteed	4,983	4,983	—	—
	$ 609,025	$ 548,480	$ 991,734	$ 793,552

Schedule 2
Portfolio Investments

In thousands

	1983		1982	
	Book Value	Market Value	Book Value	Market Value
Bonds:				
Government of Canada, direct and guaranteed	$ 798,203	$ 861,562	$ 503,617	$ 457,937
Provincial, direct and guaranteed	2,025,256	2,068,435	2,060,243	1,689,255
Corporate	156,495	159,547	104,978	96,791
Corporate, convertible	16,057	19,588	6,069	5,755
Government of the United States of America, direct and guaranteed	6,359	6,950	8,737	8,813
Mid-term money market securities:				
Promissory notes	260,885	270,061	245,317	245,317
Certificates of deposit	54,212	58,563	43,192	43,192
Mortgages, participating	54,162	57,672	25,815	24,383
Bond coupons:				
Government of Canada, direct and guaranteed	63,056	63,217	—	—
Deferred unamortized realized gains and losses	(91)	—	10,796	—
	3,434,594	3,565,595	3,008,764	2,571,443
Equities	339,280	430,073	183,710	177,523
Real estate and energy fund units	7,382	7,404	2,000	2,000
	$3,781,256	$4,003,072	$3,194,474	$2,750,966

Schedule 3
Long Term Investments

	In thousands	
	1983	1982
Corporate debentures:		
Ridley Grain Ltd., non interest bearing participating series A debenture	$ 37,500	$ 10,737
Preferred shares:		
Chembiomed Ltd.	2,900	—
Native Venture Capital Co. Ltd., Class A	1,980	—
Global Thermoelectric Power Systems Ltd.	849	—
Common shares:		
Alberta Energy Company Ltd.	76,759	76,764
Pacific Western Airlines Ltd.	37,561	37,561
Native Venture Capital Co. Ltd., Class A	10	—
Native Venture Capital Co. Ltd., Class B	10	—
Venture equity:		
Participation in Syncrude Project	411,344	439,024
	$568,913	$564,086

Schedule 4
Equity in Commercial Enterprises

	In thousands	
	1983	1982
The Alberta Government Telephones Commission	$1,800,037	$1,741,281
Alberta Liquor Control Board	149,434	101,290
Alberta Terminals Ltd.	15,282	11,448
Treasury Branches Deposits Fund	5,556	29,108
The Alberta General Insurance Company	(160)	66
The Workers' Compensation Board	(99,086)	(98,333)
	$1,871,063	$1,784,860

Schedule 5
Loans and Advances

	In thousands	
	1983	1982
Loans and advances made under the authority of:		
Alberta Municipal Financing Corporation Act	$4,195,031	$3,262,255
Alberta Home Mortgage Corporation Act	2,644,326	1,986,121
Agricultural Development Act	730,332	530,947
Alberta Opportunity Fund Act	166,283	133,607
Rural Electrification Revolving Fund Act and Rural Electrification Long Term Financing Act	43,163	40,117
Financial Administration Act	19,321	16,634
Municipal Land Loans Act	18,298	19,371
Alberta Housing Act	10,044	7,599
Department of Transportation Act	3,907	3,975
Hail and Crop Insurance Act	978	1,303
Department of Public Works, Supply and Services Act	818	818
Cancer Treatment and Prevention Act	451	451
The Municipal Capital Expenditure Loans Act	371	571
Students Finance Act	368	424
Motion Picture Development Act	352	—
Historical Resources Act	91	102
Cemeteries Act	85	85
Recreation, Parks and Wildlife Foundation Act	35	—
Public Trustee Act	24	25
Homestead Lease Loan Act	12	17
Miscellaneous	3	3
The Brazeau River Development Act and Financial Administration Act	—	4,418
	7,834,293	6,008,843
Implemented guarantees made under the authority of:		
Agricultural Development Act	10,639	9,189
Students Finance Act	5,483	5,203
Feeder Associations Guarantee Act	860	663
Department of Agriculture Act	753	1,329
Agricultural Societies Act	351	253
Co-operative Marketing Associations and Rural Utilities Guarantee Act	138	142
	18,224	16,779
Judgement debts	1,168	1,258
	7,853,685	6,026,880
Less allowance for doubtful loans, advances, implemented guarantees and judgement debts	51,502	32,808
	$7,802,183	$5,994,072

Schedule 6
Unmatured Debt

	In thousands	
	1983	1982
Net debt issued by:		
Alberta Municipal Financing Corporation	$2,484,338	$1,847,668
General Revenue Fund	735,681	118,544
Alberta Housing Corporation	120,728	122,669
Alberta Resources Railway Corporation	(8,307)	(2,602)
	$3,332,440	$2,086,279

Schedule 7
Restricted Profits and Equity

	In thousands	
	1983	1982
Profits and equity restricted by:		
Pension Fund Act:		
Equity (a)	$1,766,352	$1,400,320
Alberta Municipal Financing Corporation Act:		
Profits (b)	225,504	183,492
Equity (c)	18	17
	$1,991,874	$1,583,829

(a) Represents partial funding of liabilities under the Local Authorities Pension Act, M.L.A. Pension Act, Public Service Management Pension Act, Public Service Pension Act, Special Forces Pension Act and Universities Academic Pension Act. Details of the most recent actuarial valuations of the total liability of the Province under the above Acts are provided in Note 3.

(b) Refers to a portion of Alberta Municipal Financing Corporation's shareholders' equity which is excluded from net assets of the Province. Under the Alberta Municipal Financing Corporation Act, the Alberta Municipal Financing Corporation has "the power to pay from time to time, as a rebate of interest, any profits of the corporation to shareholders of the corporation that have borrowed moneys from the corporation or sold debentures of their own issue to the corporation, proportionately as such shareholders made use of the facilities of the corporation over the period in which any such profits were derived".

(c) Represents the cost of common shares held by municipalities, counties, cities, towns, school districts and divisions and hospital boards.

Schedule 8
Revenue

	In thousands 1983	1982
Taxes:		
Personal income tax, net	$ 1,650,142	$ 1,322,699
Corporate income tax	565,727	547,710
Less: Royalty tax credit	(728,238)	(131,994)
Other	434,606	383,124
	1,922,237	2,121,539
Non-Renewable Resource Revenue	4,850,193	4,879,500
Payments from Government of Canada:		
Canada assistance plan	306,784	239,197
Hospital insurance	207,376	260,950
Post-secondary education	131,938	167,856
Utility companies income tax transfers	130,901	55,574
Oil export charge	100,712	160,950
Health care insurance	77,372	81,542
Other	175,716	178,438
	1,130,799	1,144,507
Fees, Permits and Licences	421,690	413,189
Utility and Trading Profits	220,293	189,095
Other Revenue:		
Investment income	1,822,794	1,610,629
Other	182,182	189,898
	2,004,976	1,800,527
	$10,550,188	$10,548,357

Schedule 9
Expenditure by Object

	In thousands 1983	1982
Salaries, wages, employment contracts and benefits	$ 1,166,014	$1,060,252
Travel and communication	132,994	116,033
Services	1,413,220	1,206,197
Materials and supplies	285,472	283,142
Grants to individuals, business and other levels of government	7,532,601	4,948,861
Purchase of fixed assets	583,529	511,085
Interest	327,389	221,632
Evaluation provisions	(111,600)	57,330
Other expenses	14,357	10,914
	$11,343,976	$8,415,446

Schedule 10
Operating and Capital Expenditure by Major Function

In thousands

	Expenditure			
	Operating	Capital	Grants for Capital Purposes	Total
Health:				
1983	$2,115,106	$ 86,193	$ 237,709	$ 2,439,008
1982	1,656,587	87,597	130,981	1,875,165
Education:				
1983	1,817,441	12,874	231,687	2,062,002
1982	1,538,531	19,751	152,733	1,711,015
Social, Cultural and Recreational Development:				
1983	1,593,314	414,274	103,605	2,111,193
1982	1,270,400	334,370	77,612	1,682,382
Economic Development, Transportation, Utilities and Resource Management:				
1983	2,457,634	881,600	420,661	3,759,895
1982	1,120,047	784,770	376,324	2,281,141
Justice, Policing and Correctional Institutions:				
1983	316,017	2,076	—	318,093
1982	265,875	3,534	390	269,799
General Government:				
1983	307,397	341,088	5,300	653,785
1982	324,329	271,615	—	595,944
Total Expenditure:				
1983	$8,606,909	$1,738,105	$ 998,962	$11,343,976
1982	$6,175,769	$1,501,637	$ 738,040	$ 8,415,446

Schedule 11
Guarantees and Indemnities

	In thousands	
	1983	1982
Guarantees:		
Debentures:		
AEC Power Ltd.	$237,474	$242,667
Bank, Treasury Branches and Credit Union Loans:		
Corporations and individuals under various government programmes	193,140	198,652
Other:		
Federal loans	18,614	19,009
Mortgage loans	7,865	7,983
	26,479	26,992
Indemnities:		
Time Air Limited	9,000	—
Total	$466,093	$468,311

POOR

QUALITY

ORIGINAL